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Vol. 29

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IN THE MATTER OF The Public Inquiries Act, being Chapter 258 of The Revised Statutes of Alberta, 1955, and Amendments thereto; and,

IN THE MATTER OF an Inquiry by a Royal Commission into the matters set out in Order-in-Council 861/67 respecting the use or attempted use by the Honourable Alfred J. Hooke of his office as a member of the Executive Council of Alberta, and the use or attempted use by Edgar W. Hinman of his office as a member of the Executive Council of Alberta.

PROCEEDINGS BEFORE THE HONOURABLE MR. JUSTICE W. J. C. KIRBY

C. W. CLEMENT, Esq., Q.C.,	Commission Counsel
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	Mr. Neil Reimer
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N. S. CRAWFORD, Esq., and	Progressive Conservative Party of
J. D. HILL, Esq.	Alberta
G. S. D. Wright, Esq.	Alberta New Democratic Party

W. ALAN SHORT, ESQ.,
Clerk to the Commission.

VOLUME No. 29

DATE November 1, 1967
(Pages 3016 - 3130)

Supreme Court Reporters
EDMONTON, ALBERTA

I N D E X

IN THE MATTER OF The PROSECUTION of the Attorney General, being Chapter 22 of The
 Revised Statutes of Alberta, 1965, and Amendments thereto; and,

IN THE MATTER OF an Inquiry by a Royal Commission into the matters
 set out in Order of the Attorney General; the use or attempted
 use by the Attorney General Alfred J. Brown of his office as a member of
 the Executive Council of Alberta, and the use or attempted use by
 Edgar W. Hirsman of his office as a member of the Executive Council
 of Alberta.

V O L U M E 29

November 1st, 1967

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DOCTOR CHARLES ALEXANDER ALLARD

Examination by Mr. Clement	3069
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IN THE MATTER OF The Public Inquiries Act, being Chapter 258 of The Revised Statutes of Alberta, 1955, and Amendments thereto; and,

IN THE MATTER OF an Inquiry by a Royal Commission into the matters set out in Order-in-Council 861/67 respecting the use or attempted use by the Honourable Alfred J. Hooke of his office as a member of the Executive Council of Alberta, and the use or attempted use by Edgar W. Hinman of his office as a member of the Executive Council of Alberta.

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EDMONTON, ALBERTA

1-M-T

M.G. Grundberg - Clement Ex.

PROCEEDINGS before The Honourable
Mr. Justice Ritchie, this
1st day of November, A.D. 1967, at
9:00 o'clock in the morning, at
the Court House, in the City of
Edmonton, Alberta.

I N D E XV O L U M E 29November 1st, 1967WITNESSES:MORLEY GORDON GRUNDBERG

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1-M-1

M.G.Grundberg - Clement Ex.

PROCEEDINGS before The Honourable
Mr. Justice W. J. C. Kirby, this
1st day of November, A.D.1967, at
9:00 o'clock in the morning, at
the Court House, in the City of
Edmonton, Province of Alberta.

MR. CLEMENT: Mr. Commissioner, I propose now to
call Mr. Grundberg. He is represented by Mr. Saddy. Mr.
Saddy, as we have already discussed, would be entitled to
put Mr. Grundberg's evidence in chief if he so wishes.

MR. SADDY: No, sir; I will not be questioning
the witness.

THE COMMISSIONER: I understand. You may take a chair
at the front table here.

MR. SADDY: Thank you.

MORLEY GORDON GRUNDBERG, sworn, examined by Mr. Clement:

Q What is your present occupation, Mr. Grundberg?

A I am a security salesman.

Q For -- ?

A Richardson's Securities of Canada.

Q And your home is in Edmonton?

A 15210-77th Avenue.

Q In 1964 what was your occupation?

A I was a reporter for CFRN News Service.

Q And what were your duties in that capacity?

A Chiefly political and business reporting.

Q Now, Mr. Grundberg, in the course of your duties were you
assigned to the inquiry into the affairs of Mr. Hooke?

1-M-2

M.G.Grundberg - Clement Ex.

A No, other than normal routine legislative reporting. I had sat as a legislative reporter the previous term.

Q I'm sorry -- I missed that.

A I was the legislative reporter the preceding winter.

Q So that any matters of government or cabinet import would be merely routine as far as you were concerned?

A Yes sir.

Q Now, I wish to direct you to the events of Wednesday, July 29th, 1964. Mr. Grundberg, through your counsel you have had an opportunity to read the evidence given in respect of the events of that day, the evidence given by Mr. Snaddon, I believe, and Mr. Hume and Mr. Leger.

A Yes sir.

Q Now, would you tell the inquiry, please, your recollections of the events of that day?

A First of all, sir, you are mistaken: it was a Thursday, as I recall it.

MR. WRIGHT: Thursday the 30th.

MR. CLEMENT: Whether I have misread the evidence or not is not of particular consequence, Mr. Grundberg. In any event, it was Thursday the 30th?

A I'm not sure of the date, but it was a Thursday.

Q It was a Thursday in any event?

A Yes.

Q With that correction then, I understand that on that day you had lunch at the Greenbrier Motel?

A The events leading up to that had started much earlier in the

1-M-3

M.G.Grundberg - Clement Ex.

A (Cont.) morning.

Q Yes?

A I had had coffee at approximately nine-thirty with Mr. Hume, who was then the legislative reporter for the Journal.

Q Is that in a routine way?

A In a very routine way. We happened to meet in the press gallery at the Legislative Building. During the course of having coffee and just chatting, I became curious as to why he was continually phoning the office of Mr. Hooke. I asked him why and he filled me in on this Victoria business, as I refer to it.

Q Yes --- that is to say that Mr. Hooke was thought to have occupied accommodation in the Regent Towers in Victoria?

A That is correct.

Q So he was telling you what he knew about that?

A He told me that he was in the process of tying up loose ends on this story.

Q Yes?

A And we discussed the merits of the story strictly as a story.

Q Well, I won't trouble you with that discussion, Mr.Grundberg. What happened then?

A At about that time there were a series of phone calls from the gallery to Mr. Tom O'Dwyer.

Q From the gallery?

A From the gallery.

Q To Mr. Tom O'Dwyer put in by whom?

1-M-4

M.G.Grundberg - Clement Ex.

A I'm not sure on that point.

Q It wasn't you?

1-B-1

M. G. Grundberg - Clement Ex.

Q It wasn't you?

A I am not sure whether Mr. O'Dwyer phoned me or I phoned Mr. O'Dwyer.

Q I see.

A I would not care to state definitely which, who originated the calls. I think there were more than one actually.

Q And if it were put through by you it would be in consequence of some things Mr. Hume had said to you?

A It may have been, I rather doubt it.

Q I was just wondering why on earth you would phone Mr. O'Dwyer from the press gallery on that morning?

A I can't recall any specific reason for phoning him.

Q Did you have Mr. Hooke in mind when you phoned him?

A No.

Q Oh, I see. Very well, proceed?

A During the course of this conversation I told Mr. O'Dwyer that I could no longer accept any allegations that he wished to give to me, and I informed him that Mr. Hume and myself would be having lunch at the Greenbrier from approximately twelve thirty to one thirty, and I invited him to join us for lunch under certain conditions; and that condition was very simple, "You choose the cheque and bring it to lunch. If you don't bring the cheque to lunch or a cheque, then don't bother coming to lunch.".

Q Well, "a cheque" referred to some information which he had been giving you in the past, did it?

A He had always concluded his allegations by telling me "And I

1-B-2

M. G. Grundberg - Clement Ex.

A (Cont.) have the cheques, I can prove it."

Q Yes?

A This morning I asked him to bring a cheque.

Q Any one?

A "Pick the cheque."

Q All right, go ahead?

A Now, I am not exactly sure as to what I did the rest of the morning, I know I spent some time in the Legislative Library gathering background material for the Premier's conference which was coming up starting the following weekend.

Q Yes, well then perhaps -

A In any event Mr. Hume and I had lunch at the Greenbrier, we were joined there by some other reporters, I believe sports reporters, who came and left. We were just about to leave and were discussing the fact that Mr. O'Dwyer had not showed up when, as we stood up from the table to leave, Mr. O'Dwyer did in fact show up; and his opener to me was "Would you, would a cheque for twenty-five thousand keep you happy?", and I replied to him "A cheque for five dollars made out to Mickey Mouse would keep me happy, let me see it, please?". And he said "I don't have it.", and I said "Then what are you doing here?". He then told me that there was a person who had the cheque and this person would not let that cheque out of his possession, if we wanted to make arrangements to go and see the cheque later in the afternoon he would see to it.

Q Yes?

1-B-3

M. G. Grundberg - Clement Ex.

A At that point Mr. Hume and I exchanged brief comments on what our plans were for the afternoon and where we could get together again. At that point I felt I had to go back to the office and put together -

Q Was there anything beyond this mention of a cheque in your discussions with Mr. O'Dwyer at that time?

A There may have been, I don't know. I recall mention of a cheque for twenty-five thousand.

Q And the question of a cheque was foremost in your mind at that time, was it?

A All I wanted was a cheque, I was not specific.

Q All right, very well, and at about what time did you leave the Greenbrier, Mr. Grundberg?

A Well, at this point, as I was saying there was a brief discussion between Mr. Hume and myself as to where we could get together again later in the afternoon, and Mr. Hume said that he would be in the Court House, this building, between two and three and why don't I meet him here, and he would look after getting in touch with Mr. O'Dwyer if we did go to this meeting.

Q I see.

A I then left Mr. Hume and Mr. O'Dwyer in the Greenbrier. I presume, and I have presumed ever since that they came out directly behind me. I do not know this.

Q Very well?

A And went back to my own office in the C.P.R. Building.

Q Yes, and then what happened?

1-B-4

M. G. Grundberg - Clement Ex.

A Between two and three, I would estimate two thirty, I met Mr. Hume in this building.

Q Was he alone then?

A He was alone.

Q Where was he?

A Down on the main floor, he was just coming out of one of the rooms there, I happened to come in and he was there coming out.

Q You don't know whose office?

A No.

Q What transpired then?

A I asked him where we were to meet Mr. O'Dwyer and did he still want to go, and he indicated to me that "Well, we might as well go along, he might have some cheques.".

Q Yes?

A And we then walked over to Jasper Avenue where we met Mr. O'Dwyer.

Q At what place?

A On the street.

Q On the street?

A Yes.

Q By accident?

A No, Mr. Hume knew where Mr. O'Dwyer's car was parked.

Q Was he waiting in the car?

A Mr. O'Dwyer was waiting beside his car.

Q I see, very well?

A This would take us I would say, to approximately three

1-B-5

M. G. Grundberg - Clement Ex.

A (Cont.) o'clock.

Q Yes?

A At which point we got in the car and began to drive around the downtown section. Mr. Hume has testified that we took an unusual route.

Q A circuitous route, the long way around, yes?

A I interpreted it differently.

Q Well, in any event tell us what happened, where did you drive and was there any conversation during the drive?

A There was continuing stream of allegations from Mr. O'Dwyer.

Q Yes?

A And we then drove to the South Bend Motel.

Q Yes, and can you give me an approximation of the time that you reached the South Bend Motel?

A Three thirty.

Q Three thirty, so that some half hour had elapsed in driving around, I take it, for the purpose of giving O'Dwyer an opportunity of further allegations?

A That's right, sir.

Q And the three of you got out when you reached the South Bend Motel?

A The three of us got out and went into the motel. We were shown into Mr. Leger's kitchen by one member of Mr. Leger's family, I don't recall who.

Q Yes?

A We waited a very short time and then Mr. Leger arrived.

Q He was not there when you first went in?

1-B-6

M. G. Grundberg - Clement Ex.

A Not that I can recall. I recall a small time lapse from when we were first shown into the kitchen and the coffee was put on the stove until Mr. Leger did in fact arrive.

Q And when you say he did in fact arrive, did you get any impression as to whether he had arrived from let us say downtown or from some other part of the building?

A I have no idea.

Q I see. He just arrived in the kitchen?

A He arrived in the kitchen.

Q After about what period of time following your own arrival in the kitchen?

A Somewhere between five and ten minutes.

Q I see, very well. What happened then?

A There was a series of further allegations by Mr. O'Dwyer. These allegations were not denied by Mr. Leger, and -

Q Well, did these allegations -

A And discussions about the stories, this, what Mr. Hume thought or Mr. O'Dwyer thought would be a story concerning Mr. Hooke.

Q Well, could we just perhaps back up, could we just perhaps take that a bit piecemeal. In a sense it is hearsay, Mr. Grundberg, but I think perhaps we better have your recollections of what was said; was there some discussion about a cheque?

A When we first came in there was none.

Q Well, let's take it from the time Mr. Leger arrived?

A There was first of all a discussion, as I recall, about this

1-B-7

M. G. Grundberg - Clement Ex.

A (Cont.) Victoria business, as I refer to it.

Q Yes, all right?

A Mr. Hume was introduced by Mr. O'Dwyer to Mr. Leger as a man who had, as a reporter who had been working for some time for leads as to whether or not there was any corruption in Government. Mr. O'Dwyer did ask Mr. Leger that if Mr. Leger did have any proof or any suggestions that he should cooperate with Mr. Hume, and give him these, as I refer to them, leads.

Q Yes?

A Now, Mr. Leger testified yesterday that I took no part in this conversation. This is not quite correct, I asked one question, and as I recall I asked one question only, and I had to ask it twice. About midway through this discussion -

Q This discussion was centering largely on the Victoria situation?

A And many other things. As far as I was concerned it was getting us nowhere, and at one point in the proceedings I asked Mr. Leger "Do you have a cheque that you can show us?". Mr. Leger started to answer, he was interrupted by Mr. O'Dwyer by, with a tirade about "If you have something now is the time to throw it in.", and this type of discussion; and Mr. O'Dwyer just kept on rambling, so I had to ask my question again of Mr. Hooke, or of Mr. Leger, pardon me.

Q Yes?

A And I again asked "Do you have a cheque you can show me now?", and he said "No.".

1-B-8

M. G. Grundberg - Clement Ex.

Q Well, now, that is the way you phrased your question, was it, Mr. Grundberg; it was not a question in respect of a cheque of twenty-five thousand dollars, a specific sum, it was just "a cheque"?

A " ... a cheque you can show me now?".

Q Yes, you didn't specify as to who the payee was or anything of that sort, just a cheque?

A My frame of mind was that it could be made out to Mickey Mouse for all I cared.

Q That would get us even farther down the trail of irrelevancy, of course. In any event, no mention was made as to the payee or drawer or anything of that sort?

A I will go back here a bit. When I first met Mr. O'Dwyer in the Greenbrier I cannot recall if Mr. Hooke's name did come up or not. Some time between having met Mr. O'Dwyer at two o'clock or approximately one thirty and the discussion in the motel I became aware that Mr. Hooke's name was supposed to appear on this cheque for twenty-five thousand dollars. Only the specific sum had been mentioned to me earlier.

Q I see, yes, and -

A Where I became aware of Mr. Hooke's name should appear on this I don't know.

Q You mean how you reached that impression?

A How I reached the impression I don't know.

Q Yes?

A But I was under the impression -

1-B-9

M. G. Grundberg - Clement Ex.

Q Yes?

A - by the time I got to the discussion in the motel that Mr. Hooke's name was to be on that cheque.

Q Yes, but the point in which I am particularly interested, Mr. Grundberg, is: as a matter of fact when you asked that question about the cheque you mentioned no specific sum?

A No specific sum.

Q You mentioned no payee?

A No payee.

Q No drawer?

A I beg your pardon?

Q And no name as to who drew the cheque?

A No.

Q Very well. What else was discussed at that meeting so far as you recall?

A Immediately having asked this question and received this answer I believe Mr. Hume reiterated the same question, he may have phrased it differently but he asked much the same type of question.

Q Of Mr. Leger?

A Of Mr. Leger.

Q Yes?

A And got, he got as I recall no specific answer.

Q But was it a specific question?

A I can't really recall. At this point Mr. Hume was becoming quite exasperated and he finally, as I recall, threw up his hands more or less in exasperation and said "Well, if you

1-B-10

M. G. Grundberg - Clement Ex.

A (Cont.) can't show us any cheques, you said you could get me to see Mr. Hooke, do so."

Q Yes?

A Mr. Leger then left the room and I heard him place a call to Mrs. Hooke, I heard him say -

Q Well, just a moment, at that point it was Mr. Hume saying to Mr. O'Dwyer "If you can't produce any cheques, get Mr. Hooke here."?

A He said "I have got to see Mr. Hooke, can you get him for me?"

Q Yes, he was saying this to Mr. O'Dwyer?

A Mr. O'Dwyer and Mr. Leger, I think he was speaking to both of them.

Q I see, very well.

A Mr. Leger then left the room, I heard him phone Mrs. Hooke, I heard him tell Mrs. Hooke who was calling and that he would like to speak to Mr. Hooke at his earliest convenience. He then came back into the room for maybe a few seconds or perhaps two minutes, and there was a phone call, and I gathered it was Mr. Hooke returning the call to Mr. Leger. Mr. Leger invited Mr. Hooke over, and I heard him do so on the phone, and then he came back into the kitchen and announced that -

Q Well, do you recall what was said by Mr. Leger in that invitation?

A It was extremely brief, simply to the effect that "I would like to see you at the first opportunity, can this be

1-B-11

M. G. Grundberg - Clement Ex.

A (Cont.) arranged?", it was an extremely brief exchange.

Q I see, and then Mr. Leger came back?

A Came back.

Q Yes.

A Into the kitchen.

Q Now, if we could pause there just a moment, Mr. Grundberg, and take our minds back to the first part of this meeting. When you arrived at the South Bend Motel you were shown into the, brought into the kitchen?

A That's right.

Q And I gather from what you have now said that from your place in the kitchen there you could hear the telephone ring and could hear at least one side of the conversation on the telephone?

A That is right.

Q Is that correct?

A Yes.

Q Now, in that interval of time between when you first arrived and when Mr. Leger showed up, was there any telephone call that his wife made, or his wife answered?

A I don't recall any.

Q I see. Very well. Now, Mr. Leger then, after having spoken to Mr. Hooke, and given him this brief invitation, came back to the kitchen; would you carry on the story from there?

A There was, he told us that Mr. Hooke would be arriving very shortly, he had just been leaving the office.

Q Yes?

1-B-12

M. G. Grundberg - Clement Ex.

A And then there was some discussion about Mr. O'Dwyer's car, and I don't recall who originated that discussion, whether Mr. O'Dwyer's car should be moved or not moved.

1-P-1

M. G. Grundberg - Clement Ex.

Q Do you have a recollection of what Mr. O'Dwyer's car looked like?

A No, I can't remember it to this day.

Q Were there some cars around when you parked there at the South Bend?

A Perhaps two or three. I didn't pay any particular attention.

Q And you have no recollection of who mentioned the matter of moving O'Dwyer's car?

A There was discussion. Who originated the discussion I cannot recall.

Q And what was the result of the discussion?

A Mr. O'Dwyer moved his car.

Q Out of sight?

A I don't know where he moved it to.

Q Oh, he left to move his car and came back?

A Within a few moments.

Q Yes, and was there any further discussion then of any consequence?

A There was a discussion about Mr. Hume having to confront Mr. Hooke with this, as I have described it, this Victoria business and there was some speculation on what Mr. Hooke's reaction would be to this.

Q Yes, and then what happened?

A Then within a very short time of the phone call, here again I would say between five and ten minutes, Mr. Hooke was at the front door and Mr. Leger went out to meet him.

1-P-2

M. G. Grundberg - Clement Ex.

Q Could you give us an approximate time of that?

A From the time of the phone call?

Q No, the time Mr. Hooke arrived?

A I would say it would be four or ten after four.

Q That early?

A Yes.

Q Well, are you able to determine it was Mr. Hooke, did you see him?

A I heard his voice.

Q And you knew his voice?

A Yes I did.

Q Did you hear anything of what was said?

A It was very general conversation.

Q I see?

A And then I saw Mr. Leger and Mr. Hooke walk past the kitchen door and down into a rumpus room.

Q The kitchen door leads off the office area, does it?

A There is an office -- which sequence they come in I can't recall. I just walked through those rooms but, I recall sitting in the kitchen looking out into a little hallway.

Q Oh yes?

A A very small hallway and immediately leading off that hallway is the stairs down to the rumpus room so that when Mr. Leger and Mr. Hooke went down to the rumpus room, they had to walk past the door of the kitchen.

Q Then what happened after that?

A They were down there approximately three to five minutes

1-P-3

M. G. Grundberg - Clement Ex.

A (cont.) and Mr. Leger then came up and said to Mr. Hume that Mr. Hooke will see you and Mr. Hooke -- or, Mr. Hume went down into the rumpus room with Mr. Leger.

Q And you stayed up?

A For a brief period. I sat there perhaps three to five minutes and then I left the building completely. I walked perhaps two hundred yards to a nearby service station, picked up a package of cigarettes and then returned to the motel. I was gone from the building maybe fifteen to twenty minutes.

When I came back into the kitchen Mr. O'Dwyer was still sitting in the kitchen. Mr. Hume came up very shortly afterwards. We waited approximately five minutes for Mr. Leger and Mr. Hooke to come up out of the rumpus room.

Q Did you have any conversation with Mr. Hume during this five minutes?

A Very, very little. At any moment we expected Mr. Hume and Mr. Leger to walk into the room and we were just more or less waiting.

Q Mr. Hooke and Mr. Leger?

A Mr. Hooke and Mr. Leger to walk up the stairs and perhaps into the room so, we were not carrying on any extensive conversation.

Q And did the two of them come up?

A Together. Mr. Leger went with Mr. Hooke out to the car and this took about five minutes and we left immediately following, within a few minutes of Mr. Hooke.

Q And did Mr. Leger come back to the kitchen where you were?

1-P-4

M. G. Grundberg - Clement Ex.
- Gill Ex.

A Yes he did, as I recall.

Q Was there anything said, in your recollection, by Mr. Leger when he returned to the kitchen?

A Not that I took any notice of.

Q I see. Did anybody express any disappointment or anything of that sort?

A My chief concern was in what Mr. Hume's reaction was. As far as Mr. Leger and Mr. O'Dwyer were concerned, at that point, there was no point in listening to what they had to say anyway. I had been promised something; they did not deliver. I had no further intention of listening to them.

Q Thank you Mr. Grundberg, will you answer my friends.

THE COMMISSIONER: Mr. Gill?

MR. GILL: Thank you sir.

MR. GILL EXAMINES THE WITNESS:

Q MR. GILL: Mr. Grundberg, what was your purpose in going to the South Bend Motel?

A At the point that I got in the car, shortly after three o'clock, I did not know where I was going.

THE COMMISSIONER: I beg your pardon?

A I did not know where I was going.

Q MR. GILL: I think your answer was, at the point you got into the car, is that correct?

A It did not become obvious where we were going.

Q You were going with O'Dwyer?

A Yes, to meet a third party.

Q And Hume?

1-P-5

M. G. Grundberg - Gill Ex.

A Yes.

Q To meet a third party?

A Yes.

Q And that third party you didn't know the name of?

A No.

Q Or where he was located?

A No.

Q And what was he going to tell you or show you?

A He was going to show us a cheque. Or cheques.

Q You weren't expecting one to Mickey Mouse, who were you expecting it from?

A I was expecting a cheque to back up one allegation.

Q What allegation?

A This was of Mr. O'Dwyer's choosing.

Q Well, was this a wild goose chase or did you believe there was some substance to it?

A This I did not know.

Q Well, it was an allegation by O'Dwyer concerning corruption in Government?

A Correct.

Q ~~Like~~ Linked with one Cabinet Minister?

A Mr. O'Dwyer had several stories of corruption in Government.

Q Well, which one was this cheque supposed to be connected with?

A I did not ask for a specific cheque nor did I ask for a specific charge.

Q But you wanted some evidence more than talk?

1-P-6

M. G. Grundberg - Gill Ex.

A Correct.

Q You wanted to see a cheque made out to someone in Government or a Government official?

A Correct.

Q Representing a bribe or a payoff?

A Representing anything which would indicate to me some shread of evidence.

Q Of what?

A That Mr. O'Dwyer could back up any one of his stories.

Q No, but evidence of what?

A His stories were of wrongdoing in Government.

Q Is exchanging cheques with someone in Government indicate wrongdoing?

A Not necessarily, no.

Q Well, it must have been something a little more than that that you were concerned with?

A No sir it wasn't.

Q I see, and you just went along for this ride?

A Yes sir.

Q And you say it was a circuitous route?

A Yes sir.

Q I see, did you stop at a liquor store?

A No sir.

Q Or in a bar?

A No sir.

Q And you left somewhere in the vicinity of the Court House here in downtown Edmonton?

1-P-7

M. G. Grundberg - Gill Ex.

A We left from Jasper Avenue.

Q In Mr. O'Dwyer's car?

A That's correct.

Q Do you remember what type of car that was?

A I don't recall.

Q Did you have your tape recording equipment with you?

A No I did not.

Q Did you have a briefcase?

A No.

Q Did you have a note case?

A I carried a clip board.

Q Clip board?

A Correct.

Q With some paper on it?

A Yes sir.

Q But you are a television or, you were at that time a television and radio news reporter?

A That's correct.

Q Normally the equipment of such a television and news reporter includes a tape recording machine does it not?

A Correct.

Q And you didn't have it with you at this time?

A No I did not.

Q Was it already at the South Bend Motel?

A No it was not.

Q I see, so you were just going along to listen?

A Correct.

1-P-8

M. G. Grundberg - Gill Ex.

Q And report if something happened?

A If something happened.

Q Were you in the press gallery on the morning of Thursday the 30th of July 1964?

A On the Thursday morning, yes.

Q What were you doing there?

A A routine call.

Q In the middle of summer?

A In the middle of summer.

Q Was it because on Tuesday the 28th of July Mr. Hinman had been dismissed?

A Not necessarily.

Q I see, and you go down to the Legislative Buildings just on a routine check, do you?

A Telephones and typewriters are available to the members there and it is a suitable place to work from.

Q You knew Mr. Hume fairly well?

A Yes.

Q You were not employed by the same employer?

A No.

Q And you were more or less teaming up with him in this venture were you not?

A I was aware that he, and had been aware on previous occasions and previous stories, I had known of what stories he was working on before they ever came in print.

Q Had you been a newspaper reporter before you were a

1-P-9

M. G. Grundberg - Gill Ex.

Q (cont.) television and radio newsman?

A No.

Q How long had you been a reporter for television and radio?

A In the capacity of, that I refer to as a beat reporter, approximately a year and a half.

Q For C.F.R.N.?

A That's correct.

Q And this was the first time you had done that type of work?

A That's correct.

Q What had you done before that?

A I had been more or less employed as an announcer in the news room.

Q I see, and after this incident of July 30th in the South Bend Motel, how long were you employed by C.F.R.N.?

A Till the 1st of November.

Q I see, and you left at that time?

A Yes.

Q Were you dismissed?

A I was not.

Q Were you reprimanded over this incident at the South Bend Motel by your employer?

A Yes sir, I was.

Q Who did that?

A Mr. Hogel.

Q Why would he do this?

1-P-10

M. G. Grundberg - Gill Ex.

A I had been declared persona non grata on the hill.

Q Meaning Parliament Hill, by Mr. Hooke and the Cabinet?

A I understand by the Cabinet.

Q I see. Now, I am still concerned Mr. Grundberg, why would you team up with Hume? It was Hume's story, wasn't it?

A The Victoria business, yes.

Q And the matter of whether or not Mr. Hooke was involved was Hume's story?

A Yes sir.

Q And it was Hume's paper, the Edmonton Journal that had paid for a private detective to make some inquiries in Victoria?

A So I understand.

Q Well did you understand that at the time you talked to Hume on July 30th?

A I understood he was tying up some loose ends.

Q He let you think he nearly had the story in the bag, did he?

A The phrase he used was tying up loose ends.

Q Unusual, wouldn't it be if a reporter has got a story himself advanced to that degree, that he would take someone else with him. He would usually be quiet, wouldn't he?

A Not necessarily.

Q That is your experience, is it?

A I think it is the experience of a great many reporters.

Q I would beg to differ with you. Mr. Grundberg, when you got to the South Bend Motel there was just Mrs. Leger there, is that correct?

1-P-11

M. G. Grundberg - Gill Ex.

A No, there were other members of the family, I don't recall who they were.

Q But you were shown into the kitchen on the ground floor?

A That's correct.

Q And you wanted to see a cheque?

A A cheque.

Q And there was talk of a \$25,000.00 cheque?

A Yes sir.

Q When Leger finally arrived?

A Yes sir.

Q And Mr. Hooke's name was mentioned in connection with that cheque?

A Yes sir.

Q And you were never shown it?

A Correct.

Q So, if Mr. Hume says at page 2740, in his evidence here which I understand you have read, Mr. Grundberg?

A Yes sir.

Q Page 2740 in answer to Mr. Clement, about the top third of the page, he says:

" Mr. Leger, Mr. O'Dwyer, Mr. Grundberg and myself.

The topic eventually came around to Mr. Hooke --"

This is Mr. Hume speaking;

" With myself expressing at this point some impatience that these claims were being constantly repeated but no Mr. Hooke was produced. During this conversation, too, reference was made to one of the documents Mr.

1-P-12

M. G. Grundberg - Gill Ex.

Q (cont.)

" Leger held, which was described as a cheque made out in Mr. Hooke's favour for \$25,000.00. I asked if I could see the cheque and Mr. Leger replied that 'The time isn't ripe for this yet'."

And then further down

" It was a cancelled cheque, so described by Mr. Leger."

Now, is Mr. Hume mistaken when he describes that conversation? Did Mr. Leger say he had a cheque for \$25,000.00 involving Mr. Hooke?

A My recollection is that I was given this information by Mr. O'Dwyer.

Q Leger never said then that he had such a cheque?

A Not that I can recall.

Q So Mr. Hume is mistaken?

A He may have been given the same information but, as I recall --

MR. CLEMENT: --

THE COMMISSIONER: Go ahead?

MR. GILL: Thank you.

Q MR. GILL: And then Mr. Hume's evidence at page 2750 --

MR. G.A.C. STEER: Sir, I don't think the witness has finished answering the last question, he got to 'but as I recall --' and then was left.

Q MR. GILL; Well then, go ahead?

1-P-13

M. G. Grundberg - Gill Ex.

A As I recall, this information was given to me by Mr. O'Dwyer.

Q And when Mr. Hume says at page 2750 in his evidence in chief to Mr. Clement

" We were just about at the end of the evening then, and so I finished up by repeating my original question, I said "Well, now we have gone through all this could I now before I leave see this famous twenty-five thousand dollar cheque?"; and Mr. Leger gave me a blunt no, the time just still wasn't ripe."

Did you hear that said?

A Yes sir.

Q By Mr. Leger?

A Yes sir.

Q So Leger intimated he did have a cheque of \$25,000.00 involving Mr. Hooke?

A He did not deny it.

Q Did he say no, Hume couldn't see the cheque?

A He did not deny having such a cheque.

Q Did he say the time just still wasn't ripe to see it?

A That phrase was used.

Q So did you think Leger did or did not have such a cheque?

A Are you asking me to speculate?

Q No, what was your impression at that time?

MR. CLEMENT: Well, what are you doing then?

Q MR. GILL: At that time did you believe that Leger had a cheque or didn't you?

A I simply didn't know.

1-P-14

M. G. Grundberg - Gill Ex.

Q I see, and at page 2773 when Mr. Hume was being examined by Mr. Dowding he answers this question

" And with respect to the \$25,000.00 cheque that was referred to by Mr. Leger or Mr. O'Dwyer, did either of them wave a cheque in your direction or show it to you?

A No, the cheque was in safe keeping.

Q This is what you were told?

A This is what I was told."

Did you hear anyone tell Mr. Hume that the cheque was in safe keeping?

A I was told at approximately two o'clock by Mr. O'Dwyer that he had been unable to bring the cheque to lunch.

Q Why?

A Because the person who held it was holding it in safe keeping and would not let it out and would not give it to Mr. O'Dwyer.

Q So, when you went to the South Bend Motel you met Mr. Leger for the first time, did you, or had you known him before?

A I had known him before.

Q In conjunction with your covering political activities?

A In routine reporting work, I believe I interviewed him twice.

Q So, did you gain the impression that Leger was the person who had this cheque in safekeeping?

A Yes.

Q Did you ask him if he had it in safe keeping?

A I have already said, I asked one question, do you have a

1-P-15

M. G. Grundberg - Gill Ex.

A (cont.) cheque.

Q And his answer was?

A Vague the first time.

Q And then you put the question again, did you?

A Yes sir.

Q And what was the answer the second time?

A No.

Q So you actually put two questions?

MR. MAYNARD: Mr. Commissioner I think the witness said that the second time he asked the question was, do you have a cheque you can show me now and Mr. Leger said, the witnesses' answer was, no.

MR. GILL: That is my notation Mr. Maynard.

Q MR. GILL: You heard Mr. Leger call Mr. Hooke's home, the first call?

A I heard him call Mrs. Hooke.

Q How do you know this?

A He used her name.

Q I see, her first name?

A No, Mrs. Hooke.

Q I see, so that you knew he was calling Mrs. Hooke wherever she was?

A Yes.

Q And then an interval of some few minutes I think you said, how many?

A Three to five, perhaps.

1-P-16

M. G. Grundberg - Gill Ex.

Q And then a call came for Mr. Leger?

A Correct.

Q And he answered it and do you know who that call was from?

A Yes sir.

Q Who was it from?

A Mr. Hooke.

Q How do you know that?

A I presumed that, he used his name.

Q Who used it?

A Mr. Leger used Mr. Hooke's name.

Q I see, and you gathered the impression that Mr. Hooke would be over in a matter of minutes?

A Yes sir.

Q And he was?

A Yes sir.

Q Did this surprise you?

A Yes.

Q Why did it surprise you?

A I had presumed that we were going to go back uptown.

Q You weren't surprised that Mr. Leger could pick up the phone and in fifteen or so minutes have a Cabinet Minister in his home?

A That in itself did not overly surprise me.

Q Had you seen that happen before?

A Yes sir.

Q Where?

A Reporters often have the silent numbers of various people.

1-P-17

M. G. Grundberg - Gill Ex.

Q And Cabinet Ministers come running, do they?

A No.

Q So I am asking you, were you surprised that Mr. Hooke would appear at this place so quickly?

A Yes sir I was.

Q This was new in your experience?

A Yes sir.

Q And you say you arrived at the Leger South Bend Motel at what time in the afternoon?

A I would say approximately three thirty.

2-M-1

M.G.Grundberg - Gill Ex.

Q You are fairly certain of that, are you?

A Give or take fifteen minutes.

Q I see, and how are you certain in your mind?

A Simply that I recall that when we got into Mr. O'Dwyer's car it was about three o'clock.

Q Did you check your watch?

A I noticed the time.

Q Where?

A I believe here the first time.

Q I see. In a courtroom?

A In this building.

Q You looked at a clock where?

A In this building.

Q I see. What time is the clock reading now, Mr. Grundberg?

A Ten o'clock.

Q Your eyesight is remarkably bad. It's nine o'clock to me, and our clocks have had the habit during this hearing of going somewhat astray. What time does that clock read on the wall?

A Nine o'clock.

Q Thank you; so when Mr. Hume at page 2757 is asked:

"Q I see, and at what time did you arrive at the South Bend Motel?

A It would be around five or six o'clock."

Now, is he that far out in his time, or are you out?

A I think Mr. Hume is out.

Q I see. You are agreed that you were driven there by Mr.

2-M-2

M.G.Grundberg - Gill Ex.

Q (Cont.) O'Dwyer?

A Correct.

Q And what time did you leave finally, after all this?

A When I got out on the corner of 1st and Jasper, after leaving the South Bend Motel, and having come uptown, I checked the clock on the corner there on the Bank of Montreal Building, and it was five o'clock.

Q Five o'clock, so if Mr. Hume at page 2757 -- . You left the South Bend Motel with him, didn't you?

A Yes sir.

Q And you were driven back by O'Dwyer?

A Right.

Q And you were dropped off downtown?

A That is correct.

Q So if Mr. Hume, at page 2757, in answer to a question:

"Q What time did you finally leave the South Bend Motel?"

answered to that question:

"A I think around eight o'clock or eight-thirty."

he would be wrong?

A He would be wrong.

Q He would be wrong, yes. You say you recognized Mr. Hooke's voice?

A Yes sir.

Q How would you do that?

A I had met him many times.

Q I see. Were you on a first name basis with him?

2-M-3

M.G.Grundberg - Gill Ex.

A No sir.

Q I see, and you weren't present in the meeting downstairs between Mr. Hume, Mr. Hooke and Mr. Leger?

A No sir, I was not.

Q How long did that meeting take?

A I would estimate from twenty minutes to a half an hour.

Q Could you hear their voices?

A No sir.

Q Was there a door closed between you and them?

A I have no idea.

Q Did Mr. Hooke know that you were in the building, sitting in the kitchen?

A If he had chosen to look my way when he went past the kitchen he would have known.

Q You weren't sitting behind the door?

A No.

Q You weren't hiding?

A No.

Q But he didn't see you, he didn't look in -- to your knowledge?

A No.

Q And you didn't particularly want to see him?

A I had no reason to see him.

Q Were you thinking you could participate in some sort of confessional that Mr. Hooke would be part of? Is that why you were staying around the South Bend Motel?

A I was staying around because I didn't have my own car.

M.G.Grundberg - Gill Ex.
- Bowen Ex.

Q I see. Well, you went and got some cigarettes at a service station?

A Correct.

Q You had some money on you?

A Correct.

Q There are taxi cabs in the City of Edmonton?

A Correct.

Q So you could have left if you had wanted to?

A I could have done many things.

Q But you didn't?

A I didn't.

Q Thank you.

THE COMMISSIONER:

Mr. Bowen?

MR. BOWEN EXAMINES WITNESS:

Q Mr. Grundberg, did you make any personal investigation of Mr. Hooke's activities in this period of 1964?

A No.

Q Either before or after this famous meeting?

A No.

Q None whatsoever?

A Other than casual questioning, no.

Q Now, what do you mean by "casual questioning" and of whom?

A I don't recall going to a specific place or a specific time, looking for any specific information.

Q Did you do any searching or try to find any documentation?

A Regarding Mr. Hooke?

Q Yes.

2-M-5

M.G.Grundberg - Bowen Ex.

A No.

Q None whatsoever?

A No.

Q Do I take it, then, that when you went to this meeting you had a long string of accusations from Mr. O'Dwyer?

A Correct.

Q And you had information from Mr. Hume that Hooke had been staying in Charlie Allard's apartment?

A Correct.

Q And that's all you had?

A Correct.

Q Did you believe Mr. O'Dwyer?

A No.

Q Why not?

A He had made these allegations many times.

Q It was becoming tiresome, was it not?

A Yes sir.

Q Now, on this cheque, were you skeptical about the cheque right from the start?

A Yes sir.

Q Why?

A I had heard it so often.

Q Over what period of time prior to the meeting?

A Well -- are we speaking now in terms of the cheque for 25,000?

Q Any cheque, Mr. Grundberg.

A I have heard about "cheques".

2-M-6

M.G.Grundberg - Bowen Ex.

Q Yes?

A As much as six or nine months previously.

Q Now, at the time that you went to the meeting at the motel did you believe Mr. Hume's story about Hooke staying in the apartment?

A Yes sir.

Q So this was all you had, really, in your own mind at that time, as a basis with any foundation?

A Yes sir.

Q Now, was it your understanding that before you went to Leger's motel that Hooke was going to come there and he was going to confess?

A I had no knowledge that Mr. Hooke would be there.

Q None at all?

A None at all.

Q And until Mr. Leger phoned him you didn't know that he was coming?

A Correct.

Q Was there any indication by anyone in the kitchen prior to Mr. Hooke's arrival that he was going to confess all?

A No.

Q Is there anything else you know about the situation you haven't told us? Is there anything in your investigations of Hooke, whatever they were, revealed, that hasn't been talked about here this morning?

A I have conducted no investigations of Mr. Hooke.

Q What did O'Dwyer say about Mr. Hooke?

2-M-7

M.G.Grundberg - Bowen Ex.

A That he was -- .

MR. SADDY: I think this is a little general, sir. He already said that the allegations were -- had continued for some half hour and were primarily to do with a cheque and the B.C. affair. Now, I think -- .

MR. BOWEN: My question -- .

MR. SADDY: -- the question about what he said about this -- these two affairs -- .

MR. BOWEN: Perhaps my Lord, if I asked the witness: what specific allegations were made by O'Dwyer against Mr. Hooke in the car prior to the meeting?

MR. CLEMENT: The extent of the value of hearsay, of course, sir, is dependent on the circumstances and the purposes for which it is being introduced. Perhaps that should be stated at this stage. I suggest that my friend might let us know why this hearsay is useful to the Commission.

THE COMMISSIONER: I beg pardon?

MR. CLEMENT: I would suggest that my friend let us know why he thinks this hearsay would be useful to the Commission.

MR. BOWEN: Well, I must disagree with that request, sir. We have had hearsay until it is coming out of our ears, and never any reasons given previously.

MR. CLEMENT: Well, that's the main trouble, of course, that my ears are overflowing.

(General laughter.)

2-M-8

M.G.Grundberg - Bowen Ex.

MR. MAYNARD: Well, Mr. Commissioner, I must challenge Mr. Bowen on that. I was asked yesterday what relevancy the evidence I was -- the question I was asking had to this inquiry. I had to show it was relevant, and I did.

MR. BOWEN: Well, my Lord, I think that allegations made against the prime target of this inquiry are certainly relevant.

THE COMMISSIONER: I think -- certainly, Mr. Maynard, I allowed you quite a wide scope yesterday in the cross-examination, and I don't wish to be unduly restrictive. I think in the context that this -- of this whole meeting, that Mr. Bowen's question is quite proper.

MR. BOWEN: All right, sir, then -- .

THE COMMISSIONER: On the basis of it's being hearsay.

Q MR. BOWEN: All right. Do you recall my question?

A No, would you repeat it, please?

Q What specific allegations were made by Mr. O'Dwyer while he was driving you around in his car prior to this meeting?

A I don't recall specifically.

Q Do you recall any allegations?

A Yes sir in a general -- .

Q What?

A Generally speaking.

Q What were they?

A Talk about Sherwood Park, for instance; Fort McMurray,

2-M-9

M.G.Grundberg - Bowen Ex.
- Wright Ex.

A (Cont.) for instance -- .

Q All to do with Mr. Hooke?

A Yes sir.

Q And who else? Dr. Allard?

A I believe the name came up, yes.

Q Do you remember any specific reference?

A No.

Q Did you make any notes at any time after this meeting?

A No, sir, I did not.

Q You have nothing in writing concerning the circumstances of the meeting?

A No, sir, I have not.

Q Thank you.

THE COMMISSIONER: Mr. Hill?

MR. HILL: No questions, sir.

THE COMMISSIONER: Mr. Wright?

MR. WRIGHT EXAMINES WITNESS:

Q Do we gather, Mr. Grundberg, that someone from the government spoke to CFRN and told them that you would no longer be acceptable as a reporter at the Parliament Buildings? Or to that effect?

A Words to that effect, yes.

Q Yes, and this was merely because of your follow-up of this possible news story?

A My editor at that time, Mr. Hogle -- .

Q Yes?

A -- suggested to me that in as much as I was involved, rightly

2-M-10

M.G.Grundberg - Wright Ex.

A (Cont.) or wrongly, with it that he thought it would be extremely difficult for me to get the co-operation of any Cabinet Minister for any future story.

Q Yes, but you said you were reprimanded -- .

A To that extent.

Q Oh, I see, but surely Mr. Hogle didn't agree there was anything in the slightest bit improper in what you had done, did he?

A I beg pardon?

Q Surely your employer did not suggest that there was anything in the slightest bit improper about what you had done?

A Mr. Hogle felt that I was an unfortunate victim of circumstance, but we would have to live with those circumstances.

Q So it wasn't a reprimand at all.

A In the sense that that was the part of the job that I enjoyed most.

Q Yes, but -- well, I won't pursue that, but who was it from the government that told Mr. Hogle this? Was it Mr. Hogle that they spoke to, do you know?

A I'm not sure.

Q Who was it, then, that -- ?

A I know Mr. Hogle spoke to me.

Q Yes, but who in the government -- .

MR. SADDY: First of all, does he know if anyone in the government spoke?

2-M-11

M.G.Grundberg - Wright Ex.

Q MR. WRIGHT: Oh, I believe you have answered that, but do you know who?

MR. SADDY: The question was phrased doubly, I think, and there was an answer that was not specific.

Q MR. WRIGHT: Yes. Someone from the government told CFRN that you would no longer be acceptable as a reporter in the Legislative Buildings -- right? Or to that effect?

A Yes sir.

Q Who was that, do you know?

A I would suppose it was the Premier.

Q Well -- . Not Mr. Hooke?

A No -- well, I am supposing.

Q Yes, I see.

MR. CLEMENT: Well, Mr. Commissioner, I think the witness might be invited not to suppose things; we are trying to get at facts.

Q MR. WRIGHT: Well, were you told, then, who it was?

A I was told there was a call from the government.

Q Yes, and did you -- did you stop trying to follow up leads, then, that might disclose the sort of story that Mr. Hume was also after at this time?

A I didn't stop because I don't think I had ever started.

Q I see; so at no time did you yourself come across hard evidence of the two topics we are enquiring into in this inquiry?

2-M-12

M.G.Grundberg - Wright Ex.
- G.A.C.Steer Ex.

A No sir.

Q Now, prior to this inquiry, or prior to your being told you had to come here, has anyone been speaking to you?

A Yes sir.

Q Who?

A Mr. Hooke.

Q When was that?

A The first time on a Saturday night, three weeks or a month ago.

Q And what was he after?

A I wish I knew.

Q He just asked you what went on?

A In general terms, yes.

Q And who was there?

A Mr. O'Hara, Mr. Hooke and myself.

Q I see, and was it purely an information gathering sort of meeting on the part of these two gentlemen?

A I gathered that.

Q Yes. Any suggestions made to you of any sort?

A No, none at all.

Q Thank you, Mr. Grundberg.

THE COMMISSIONER: Mr. Steer?

MR. G.A.C.STEER EXAMINES WITNESS:

Q Mr. Grundberg, am I correct that following this episode at the South Bend Motel, the next day and for some period afterwards there was a lot of comment and rumor and discussion going around the town about this happening?

2-M-13

M.G.Grundberg - G.A.C.Steer Ex.

A Yes sir.

Q And, generally speaking, is it not correct that the impression got around that this was a somewhat unsavory episode?

A Yes sir.

Q And unfortunately, as you have told us, some of that rubbed off on you.

A Yes sir.

Q You had to shoulder that load?

A Yes sir.

Q And it would be only common sense that it would be better that you ceased to be the legislative reporter due to these circumstances?

A Yes sir.

Q And I suppose CFRN-TV put someone else on that particular beat?

A Yes sir.

Q And so that as far as the government, as you have said, intervening with your employer, this was a perfectly common sense and proper intervention, wasn't it?

A I saw nothing unusual in my employer's action.

Q Now, you have been forced to give here, as a result of questions of my learned friend, Mr. Bowen, some hearsay evidence, and am I correct that you had seen up until the time you left the legislative beat, not an item of evidence with respect to -- as far as proof is concerned -- with regard to these ramblings of O'Dwyer's?

2-M-14

M.G.Grundberg - G.A.C.Steer Ex.

A Not only since then, but even before that I had never seen any hard core evidence.

Q Now, what your attitude was -- perhaps we had better get it this way: O'Dwyer was "after the government", wasn't he?

A Broadly speaking, I gathered that.

Q And what his objective was, and those other people who were working with him, was to make a smear; isn't that right?

A What his objective was I'm not sure.

Q But his conversations to you were really nothing more than smears; is that correct?

A That is correct.

Q Unfounded?

A Unfounded.

Q And you, as a good newsman, I suppose, are prepared to talk to anybody, because you can't afford to miss a story; is that right?

A Basically, yes.

Q But what you said to O'Dwyer is: "I have heard enough of this; prove it." Is that right?

A Bring some cheques or do not bother coming to lunch.

Q You were looking for proof?

A Yes sir.

Q And you didn't get it.

A I didn't get it.

Q And you heard nothing of the conversation which occurred in the basement?

2--M--15

M.G.Grundberg - G.A.C.Steer Ex.

- Maynard Ex.

A No sir, I did not.

Q Would you gather that -- or did Mr. O'Dwyer ask Mr. Leger to make disclosures to you people about the government?

A As I mentioned, at one point Mr. O'Dwyer did use the phrase that: "If you do have anything, now is the time to come out with it".

Q Thanks very much.

THE COMMISSIONER: Mr. Maynard?

MR. MAYNARD: I am wondering, Mr. Commissioner, if Mr. Saddy would like to ask any questions before -- .

MR. SADDY: Go ahead.

MR. MAYNARD EXAMINES WITNESS:

Q Mr. Grundberg, I only have three short topics to sort of clarify from your evidence. The first one refers to the statement that was -- that you made when you asked Mr. Leger for the second time the question: "Mr. Leger, do you have a cheque that you can show us now?" and you stated that Mr. Leger said, "No." Do you remember?

A Yes.

Q What I am referring to. At the time that you asked this question were you under the impression that Mr. Leger did have a cheque?

A I had been invited to the motel, or taken to the motel for that very reason.

Q You were under the impression that he did have one?

A Yes sir.

Q And when Mr. Leger answered, "No" were you under the

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M.G.Grundberg - Maynard Ex.

Q (Cont.) impression that he was answering, no, that he did not have a cheque that he could produce now, or, no, he did not have a cheque -- period?

A I don't recall what my impression was. My concern was seeing a cheque, sir.

Q Now?

A Now.

Q And -- ?

A Or shut up.

Q And they would not produce a cheque to you now?

A Right.

Q The second clarification that I would like to have, if possible: you stated you heard the conversation when Mr. Leger was speaking to Mr. Hooke inviting him down to the office. Did the conversation take very long?

A No, it was very brief, as I recall it.

Q Did you hear any mention by Mr. Leger about the fact that there were some people at his office that he would like him to see?

A I can't recall that at all.

Q Do you recall if there was anything mentioned by Mr. Leger about a "very important matter" having come up?

A No.

Q You can't recall that?

A I can't recall the exact words of that conversation.

Q All you know is that it was a very short conversation?

A Right.

2-M-17

M.G.Grundberg - Maynard Ex.

Q Fine; the next matter is the meeting that took place with Mr. Hooke and Mr. O'Hara some three weeks ago. Where was this meeting held?

A At Mr. O'Hara's home.

Q Had you gone to see Mr. O'Hara?

A No, he phoned me.

2-B-1

M. G. Grundberg - Maynard Ex.

Q He phoned you and you went over to his place?

A That is correct.

Q Was Mr. Hooke already there when you got there?

A He arrived about five minutes after I did.

Q Five minutes after, and you don't know why Mr. Hooke arrived there?

A Are you asking me to presume?

Q No, do you know or don't you, no presumption, no speculation?

A No, I don't know.

Q What the situation was then, you received a phone call from Mr. O'Hara and you went down and when you got there Mr. Hooke was there?

A No, Mr. O'Hara -

Q I am sorry, Mr. O'Hara was there and Mr. Hooke arrived later?

A Within a few minutes, yes.

Q And was there any discussion about the Inquiry at this meeting?

A Yes sir, there was.

Q And was there any discussion as to what your knowledge was as to what had transpired?

A Yes, sir, there was.

Q And you stated that there was no suggestion made to you of any sort as to what kind of evidence you should give?

A May I go back a bit?

Q Yes?

A And I can recall the exact words. Mr. O'Hara phoned me and

2-B-2

M. G. Grundberg - Maynard Ex.
- Hurlburt Ex.

A (Cont.) asked me if I had any objection to meeting with Mr. Hooke, was I angry with Mr. Hooke. I said I had no objection at all to meeting with Mr. Hooke -

Q Fine.

A - under one condition, "no deal".

Q Was there a deal offered you?

A No.

Q No. Well, I come back to my question again; was there any, that is my question, was there any suggestion made to you as to what your evidence should be?

A No sir, there was none.

Q It was a question of ascertaining and obtaining information from you as to what your memory was of what had transpired?

A Yes sir.

Q Thank you, Mr. Grundberg.

THE COMMISSIONER: Mr. Hurlburt, I had forgotten you?

MR. HURLBURT EXAMINES THE WITNESS:

Q Yes, if I may, sir, I just have a few things.

Mr. Grundberg, my note says that Mr. Hume when he became exasperated said "You can get me Mr. Hooke, do so.", or words to that general effect?

A Yes.

Q So, so far as his mind is concerned it appears that he had in mind that Mr. Hooke was going to be produced, is that fair enough?

A Yes sir.

Q Is it also fair to say that you weren't really interested

2-B-3

M. G. Grundberg - Hurlburt Ex.

Q (Cont.) in what Mr. O'Dwyer was saying, it was all words until, except that you wanted him to produce a cheque?

A I wanted someone to produce a cheque.

Q And that you may not have paid a great deal of attention to the individual statements he was making, Mr. O'Dwyer that is?

A Well, you tune him in and out.

Q Yes, so that it is possible you could have tuned out some reference to the fact that he had Mr., or that he had enough on Mr. Hooke that Mr. Hooke would appear and bare his soul, or words to that effect, this is possible?

A This is possible.

Q You had the impression, I think, that Mr. Leger was challenged with having a cheque and did not deny it?

A It was never denied, no.

Q And your impression that the cheque you were talking about was one for twenty-five thousand dollars and had something to do with Mr. Hooke?

A I gained that impression somewhere along the line, I don't recall where.

Q If the episode was unsavory or could have been thought to be such, did you regard your part of it as having any unsavoriness attached to it, Mr. Grundberg?

A I had been used.

Q Yes, and what about Mr. Hume?

A He too.

Q Mr. Hume I think indicated that he thought that he had been

2-B-4

M. G. Grundberg - Hurlburt Ex.

Dr. C. A. Allard - Clement Ex.

Q (Cont.) led down the garden path; is that consistent with what you saw in his conduct that day?

A I think he used stronger words.

Q Well, not in Court, Mr. Grundberg; would that be a fair summary of what you observed as to his conduct?

A Yes sir.

Q Thank you, sir.

THE COMMISSIONER: Mr. Saddy, any questions?

MR. SADDY: No sir.

THE COMMISSIONER: Mr. Clement?

MR. CLEMENT: No, thank you, sir.

THE COMMISSIONER: Mr. Grundberg, I just wanted to ask you one question: where is the South Bend Motel?

A It is on the Calgary Trail, the start of the Calgary Trail.

THE COMMISSIONER: You see, I am here with a bunch of Edmontonians, I guess they assume that I know where it is, but I don't. Thank you. Thank you, Mr. Grundberg.

(Witness steps down.)

MR. WRIGHT: Just by the Riviera Hotel when you come into Edmonton, My Lord.

THE COMMISSIONER: Thank you, Mr. Wright.

MR. CLEMENT: Call Dr. Allard.

DR. CHARLES ALEXANDER ALLARD, sworn, examined by Mr. Clement:

THE COMMISSIONER: You may sit down, Doctor.

Q MR. CLEMENT: Dr. Allard, you are a member of the College of Physicians and Surgeons of Alberta?

A Yes sir, I am.

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Dr. C. A. Allard - Clement Ex.

Q And you practice your profession in Edmonton?

A Yes, I do.

Q Specializing in surgery?

A Yes sir.

Q And you have made your home here since what, 1948?

A I was born here, Mr. Clement.

Q Then you have practiced your profession here since when?

A Since 1948, I was away from Edmonton for about five years doing post-graduate work.

Q Yes, and upon your return in about 1948 you commenced practicing your profession, and did you also start to become interested in business affairs?

A Yes, I did, at a fairly early date after returning home. When I got back to Edmonton it was in about November 1948, there was no office space in the City or very little to be had, and another colleague of mine joined me in an office that was sort of away from the rest of the profession over a dress shop on Jasper Avenue, so that I became interested in building an office building where we could get other professional colleagues around us. My family during the interval that I was away from Edmonton had bought the lot where the present Northgate Building stands.

Q Your family means your parents, I take it?

A Yes. So one of the first things that -

Q Perhaps for His Lordship's information, I am sorry he is not as familiar with Edmonton as we would like him to be; where is the Northgate Building?

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Dr. C. A. Allard - Clement Ex.

A It is on Jasper Avenue and 100A Street, fairly close to the Royal Trust Building, half a block from the Empire Building, from the corner of 1st Street and Jasper.

Q It is about half way, on the street that the Macdonald Hotel is on you come to Jasper Avenue and turn west, and it is about half way down on the south side?

A Yes sir.

Q In any event you family had that lot?

A So that, having been trained as a surgeon, it seemed that one of the first things I got interested in was building an office building for the, from the point of view of getting other medical people around, which we felt was a little better way to practice. In building the Northgate Building we, of course, planned to build a three story building, but it became apparent that there was a great demand for office space in Edmonton at this time.

Q In the profession or just generally?

A Generally.

Q Yes?

A And -

Q And was this common knowledge or did you go out and ascertain this?

A I think probably I ascertained it from the inquiries that came in for space in this building.

Q Yes?

A So that I wanted to enlarge it. It was originally designed for a three story building and it had footings and steel

2-B-7

Dr. C. A. Allard - Clement Ex.

A (Cont.) capacity to take a total of seven floors. Now -

Q Now, just so that I can follow you, your basic design permitted of additions upwards at a suitable time?

A Yes sir.

Q So that nothing happened that required a change in the basic plan?

A That is correct, Mr. Clement.

Q Yes?

A However, it was desirable if one was going to do it to do it while construction was underway rather than attempt to finish a three story building and then go on at some later date. During all the years before I came back to Edmonton my family had dealt with a chartered bank who had agreed to provide the, the short term financing for the three story building, but they were unwilling to go on and provide the additional financing necessary to build a seven story building, and about this time, I remember discussing this problem with an old friend of my brother's, a Mr. Gordon Smeltzer, a long time Edmontonian in the insurance business, and he suggested that I go to see the people at the Treasury Branch, they were, that they were, they were perhaps more interested in local development, and that they would perhaps be interested in providing the necessary short term financing to do the whole seven stories instead of just the three.

I went to the Treasury Branch and such was the case; they agreed to provide the difference between the first mortgage and the short term, relatively short term money that

2-B-8

Dr. C. A. Allard - Clement Ex.

A (Cont.) was required to complete the building.

Q Dr. Allard, this was 1948 or 1949 or thereabouts?

A I would think in 1949, Mr. Clement.

Q Yes, and do you recall who in the Treasury Branch you discussed this with?

A Well, I think a Mr. Gavin was the local manager at the time, and I also -

Q Of what Branch then was he?

A That would be the Main Branch.

Q Down on Jasper Avenue a little east of 100th Street?

A Yes sir. I think, I think they have since built a new office, but as I recall it was the same site. In addition to Mr. Gavin I spoke to Mr. Olive, and I met some other members who were on his Board at that time.

Q What was the nature of the Board?

A I gathered it was the Supervisory Board and they, I can remember they were housed over on 103rd Street where the Alberta Liquor Control Board was at that time. Who all the other members were I don't recall, I think there was a Mr. Brown and a Mr. Miller.

Q Mr. Olive has since died?

A Yes, he has.

Q Well, in any event, you discussed the matter of financing the building with Mr. Olive and his Advisory Board?

A Yes sir.

Q And the outcome of that was what?

A They were, they granted the loan request.

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Dr. C. A. Allard - Clement Ex.

Q Yes?

A And -

Q Now, in the granting of that loan request, Dr. Allard, did you speak to any member of the Government?

A No, I did not.

Q Any MLA or Cabinet Minister?

A No, no sir.

Q Any Deputy Minister or any official whatsoever of the Government other than the direct employees of Treasury Branch that you have mentioned?

A Definitely not, Mr. Clement.

Q Very well?

A The Northgate Building was my first business venture, I guess. Subsequent to that one of the tenants in the Northgate Building were a family of, largely druggists, the Sereda family, whom I got to know quite well. They took space on the ground floor for a drug store, which they still operate.

Q Yes?

A And the Seredas at the time were very interested in an oil property in Leduc which I think is a famous case in Alberta now, it involved the Turta -

Q Yes, this made judicial history sir, yes. Go ahead?

A So that I had bought, the Seredas were, had made an arrangement with Turta that they were going to try to recover his oil rights for him and were quite confident that they were going to be successful, they were sufficiently

2-B-10

Dr. C. A. Allard - Clement Ex.

A (Cont.)^{confident}/that I agreed to buy about six points or six percent of the royalty, the net royalty income in the event that they were successful.

Q Dr. Allard, let me say this, this is interesting, but we are not necessarily inquiring into the whole of your personal affairs, just those that might have some relation to Mr. Hooke. Now, if this leads to anything which has been so far mentioned, why, by all means proceed with it?

A Well, this, this has nothing to do with the subject of this Inquiry, Mr. Clement, it was the second, probably the second business dealing that I had, and it was fortunately, it fortunately turned out very successfully.

Q I see, it gave you some of the wherewithal to proceed further?

A Yes sir.

Q Yes, very well. Well then, encouraged in this way, Dr. Allard, you cast about for further ventures in which you might profitably employ the money?

A Yes, a lot of ventures came to me, Mr. Clement.

Q Yes?

A I met a man shortly after coming to Edmonton who has been a business associate ever since, a Mr. Feldman. I met him really when I bought a car, I enjoyed talking to him, he has a good sense of humor, and our friendship really developed from there; and one of the next businesses that I got interested in was the automobile business because of my friendship, and acquaintance, with Mr. Feldman.

2-B-11

Dr. C. A. Allard - Clement Ex.

A (Cont.) This takes us down to about 1954. Mr. Feldman and I started Crosstown Motors in that year, I think it was that year, and we incorporated a company which still exists called Paris Investments, which I believe is significant to this Inquiry.

Q Yes, indeed it is.

A Paris Investments was originally incorporated as Allard Investments and then we thought, well, that name could be improved upon, we changed it to Crosstown Investments, and then we felt that may be too closely connected with the car business, so we went far afield and changed it to Paris Investments, and it is all the same company.

Q Yes, just in the time sequence, Dr. Allard, had you incorporated Crosstown Motors at this moment of time?

A I can't answer that for sure, Mr. Clement. We did incorporate a company called Crosstown Motors Limited, and it may have been about this time.

Q Well, that company at least eventually became the vehicle for the interests of yourself and Mr. Feldman in the automotive field?

A Well, one of the vehicles, Mr. Clement.

Q Yes?

A We incorporated other automobile companies because we eventually ended up with three or four or more automobile franchises.

Q Well, if I could just relate this then to the period of time involved in the purchase of the Northwestern Utilities

2-B-12

Dr. C. A. Allard - Clement Ex.

Q (Cont.) Building, which as I recall it was 1959?

A Yes sir.

Q Approximately how many companies were you interested in that were operating in the automotive field at that point of time, about 1959?

A Well, we had Crosstown Motors Limited, we had Mayfair Motors Limited, I think that we probably had Paramount Motors Limited but I am not sure of the time sequence. We have had a company, Devonian Motors Limited; we have had another company, Edmonton Import Cars Limited.

Q Those may not all have been universally successful?

A No sir.

Q In any event, in 1959 you were actively interested in the car business, held dealers' franchises?

A Yes sir.

Q And were engaged in the buying and selling of new cars at wholesale and retail and the dealings in used cars and the like?

A Yes sir.

Q And I suppose related services?

A Yes sir.

Q And then, if I can leave you, leave that subject and come back to the period of time you are discussing, about 1954, you conceived the thought of the company which is now known as Paris Investments Limited?

A Yes sir.

Q What was the purpose for incorporation?

2-B-13

Dr. C. A. Allard - Clement Ex.

A Well, it was to be, have a wide range of powers, to be a holding company to hold land, among other things, because one of the ways that we got into the car, one of the things that happened when we got into the car business was that a friend of mine, a Mr. Klinck who is in the mortgage business in Edmonton -

Q Yes, well, I think, Mr. Commissioner, I can state that Mr. Klinck is well known to all Edmonton counsel here, very high standing in matters of real estate appraisal and the like.

A Mr. Klinck had suggested to me that there were about twenty-two acres, as I remember, in east, southeast Edmonton, that he thought would make a good investment and that the land would be developed for housing in the very near future; and at Mr. Klinck's recommendation I, we purchased this, and the company, Allard Investments subsequently Paris Investments Limited, was the company that purchased this land. Now, the City wanted this land at that time, as it turned out, and unknown to me at the time of purchase, for a school site, and they exchanged the land with us for a good many lots scattered around the City, and one of them was the lot on which we first started our car business. We still own it, it presently is operated but not by us, as a used car lot down on 101st Street and 105th Avenue, so that really the purchasing of this land and the starting of the car business coincided because on the exchange of the land it provided a place for Mr. Feldman to start his business.

2-B-14

Dr. C. A. Allard - Clement Ex.

Q Yes, and Paris Investments was the holding company for the purchase of the land to the southeast and then of the lots which were subsequently, it was subsequently exchanged for?

A Yes sir.

Q Yes, and what, Paris Investments obviously acquired larger interest than that as time went on?

A Well, yes, a lot of it connected with the car business, Mr. Clement. The next, we purchased a large block of land, eventually a full block of land, across from the General Hospital on, between 111th and 112th Streets.

Q On Jasper Avenue?

A On Jasper Avenue, where Mr. Feldman extended, expanded his car business to this site.

Q Was that the site of the operation carried on under the name of Devonian Car Sales, whatever it was?

A I think that at that time we carried on a business under Crosstown Motors. One of the reasons we were interested in that site, of course, was that it was a large, it eventually became a full block of land which we felt would be suitable for some other development someday, but it was an ideal site for the car business in those days, and this is -

Q Just so that I can keep the chronology as clear as possible, this would still be the summer of about 1954?

A I would think probably 1955 by this time, Mr. Clement.

Q Yes?

A And this is indeed what happened, we were approached not too long after we had acquired this site by Imperial Oil

2-B-15

Dr. C. A. Allard - Clement Ex.

A (Cont.) Limited to build them an office building on that site. The approach was from them because they liked the location, I think they wanted to be removed from the centre of the downtown, and it was a big enough block of land that they felt they could have parking and easy access, so that we didn't hold that site too long, although I believe it was for a year or two, and the opportunity came then to build this Devonian Building and Mr. Feldman had to move on after that. We bought him a site further down on Jasper between 117th and 118th Streets, and that site is now being developed for a fairly large complex, and we have had to move Mr. Feldman again.

2-P-1

Dr. C. A. Allard - Clement Ex.

Q Well, just to go back to the Devonian Building, was this a Paris Investments venture?

A Paris Investments -- we formed a new company for this. I believe in these years Mr. Clement that there were certain advantages tax wise to have a multiplicity of companies rather than one large company. Now, that changed, I am not sure when but I would suggest somewhere around 1961 so that when we tended to form many companies previous to this, we have been trying ever since to consolidate into one large company, namely, Paris Investments.

But, another company was formed called Gibraltar Leaseholds Limited in which Paris Investments owned seventy-five percent of the shares.

Q And who are the remaining shareholders?

A In that project Mr. Belzberg, Sam Belzberg.

Q And yourself of course?

A Well I think that our interest was all carried in Paris Investments.

Q Except I suppose for qualifying shares?

A Yes, qualifying shares.

Q So then Gibraltar Leaseholds Limited was incorporated and its purpose in fact was the development of land by constructing the building which is now known as the Devonian Building?

A Yes sir.

Q And it was then leased, I am not sure whether entirely but at least in great measure by Imperial Oil?

2-P-2

Dr. C. A. Allard - Clement Ex.

A It was entirely leased by Imperial Oil.

Q That would assist you in the financing of it in the conventional manner?

A Yes sir. We obtained a first mortgage that went along way to providing the financing and the Treasury Branch again agreed to provide the difference.

Q Directly through Gibraltar Leaseholds or through Paris Investments?

A As I remember, directly to Gibraltar Leaseholds.

Q Yes, and what negotiation was there at Treasury Branch for that loan?

A Again I spoke to Mr. Gavin, I think Mr. Gavin was still there and Mr. Olive. Mr. Olive was the superintendent and it was approved without any great difficulty.

Q Yes, you had at that time the commitment of Imperial Oil for the lease of the structure?

A Yes sir, and we also had a first mortgage commitment at that time.

Q Oh yes. Now, this would take us then you said to about 1955 or thereabouts?

A 1955 or 1956 Mr. Clement.

Q Yes, then Dr. Allard in about 1958 I gather you became interested in the trust business?

A Yes I did Mr. Clement.

Q Just let me pause there, between 1955 or '56, the Devonian Building venture and say, 1958 when you became interested in the North West Trust Company Limited as it then

2-P-3

Dr. C. A. Allard - Clement Ex.

Q (cont.) was, was there any ventures that you or your companies engaged in as a result of which further loans were obtained from the Treasury Branch or any dealings with any officer, M.L.A., officer of Government or member of the Legislative Assembly or Cabinet Minister?

A No, there was no contact with anybody from the Government in any way.

Q Very well. Then we come to the matter of the North West Trust Company there being nothing intervening as you have said?

A Yes.

Q And how did you become interested in that company?

A Well, in a very curious way probably, Mr. Clement. I had had two experiences with trust companies, large trust companies in connection with property management which made me feel that perhaps there was a great area for a trust company who could do property management well.

Q These two experiences were in connection with properties that had been acquired by you or one of the companies in your control?

A Well, one of the experiences was, I had leased two lots behind the old Journal office and where the Journal subsequently built an addition. They were rented out for parking lots. I think probably they were one of the first parking lots, as such, in Edmonton after the War. I had leased them on the understanding that if they became available for sale that we would have the right for thirty

2-P-4

Dr. C.A. Allard - Clement Ex.

A (cont.) days to --

Q Of first refusal?

A Of first refusal. The lots subsequently did become available for sale and although the company who had leased them to us acknowledged that they had given this undertaking they refused to abide by it. I think this very much interested me in the trust company business. I felt that -- there was another -- and the other thing that interested me --

Q Well Dr. Allard, I don't want to pursue this matter too deeply, you have indicated you had a motive for becoming interested in the trust company business?

A Yes.

Q Now if we can perhaps proceed to what developed out of that interest?

A Well, I met Mr. Douglas Matheson about that time and the way I met him arose out of a land purchase that we were making in Paris Investments and Mr. Matheson was acting for the client from whom we were purchasing.

I should say that we became interested in land about 1955 or '56, I think 1955 in south west Edmonton again because of Mr. Klinck's recommendation that this was an area that should be developed in Edmonton at a fairly early date and he thought it would make a good investment.

Q Was it toward residential development or commercial development?

A No, he thought it would be largely residential development.

Q Yes?

2-P-5

Dr. C. A. Allard - Clement Ex.

A At any rate, by this time I had a good deal of regard for Mr. Klinck's recommendations because his first one had been successful so that we began acquiring land in south west Edmonton.

I met Mr. Matheson through the acquisition of a further parcel of land which was probably the second or third or perhaps even the fourth parcel that we acquired in that area. He was acting on behalf of the vendor, Mr. McLaughlin and somehow we got talking about trust companies.

Q Is that the McLaughlin farm?

A Yes sir.

Q Down on the Whitemud?

A It was the old Dr. Terwilliger farm.

Q Oh yes?

A At any rate, Mr. Matheson mentioned to me that they had a trust company in their office and I gathered that it was not completely inactive but was not active as a trust company that dealt with the public but I think perhaps it was used in their own office from time to time and that was the North West Trust Company which had been Chartered or incorporated back in 1911.

So that we talked, after we had finished our transaction concerning the land purchase, about activating North West Trust Company and I think that would be probably in 1957 Mr. Clement. We subsequently went on from there.

2-P-6

Dr. C. A. Allard - Clement Ex.

A (cont.) Now, another piece of land that we had acquired in Paris Investments in the meantime was this site, the present site of the North West Trust Company. It was the old Queen City Meat Market and before that I believe it had been Edmonton's, one of Edmonton's first entertainment buildings. I am familiar with the history because the first thing that my father did when he came to Edmonton was to open the old billiards shop next door and the building still exists and I think maybe it is still used for that purpose.

Q Would you describe for Mr. Commissioner the exact location of the land you are speaking of now?

A Well, the address sir would be 10166 100th Street but, it is about a block and a half straight north of the Macdonald Hotel on the west side of the street.

At any rate, about this time I had traded a house for the old Queen City Meat Market property, the meat market having burned down some time previously and we were in the process of constructing a two story building and a basement on it and one of the uses that I thought it would be ideally suited for was a trust company or a financial institution, it was about the right size and this coincided with my conversations with Mr. Matheson about the North West Trust Company.

Again, my interest in it at the time was largely as a company that could do property management. I didn't know too much else, too much about the trust company business, all the ramifications at that time, so, Mr. Matheson and his

2-P-7

Dr. C. A. Allard - Clement Ex.

A (cont.) partners, Mr. Macdonald and Mr. Dickinson were interested too. They thought that a local trust company might be able to do, over a period of time, quite a lot of estate business, perhaps living estate business, in the form of --

Q Estate management?

A Estate management and that type of thing so that Mr. Matheson and his partners undertook to activate this Charter or --

Q Get it underway?

A -- get it underway.

I agreed that I would participate to the extent that we could through Paris Investments again and one of the things that I agreed to was that this building that was under construction could be made available to the trust company and that our equity in it could be subscribed, at least that much could be subscribed in the way of share capital in the new company. So that Mr. Matheson, Mr. Macdonald and Mr. Dickinson from their end of it, undertook to get the company activated and of course, it was their intention to remain as shareholders.

Q Well now, just to gather it in a little bit there Dr. Allard, Paris Investments proposed to subscribe to the share capital of North West Trust to the extent of Paris' equity in this building that was going up on the site you have described?

A Well, we proposed to subscribe to that extent and whatever additional monies --

2-P-8

Dr. C. A. Allard - Clement Ex.

Q Yes, but the building then was being financed in the normal manner of a bank loan for interim financing and mortgage for the long term?

A Well I think we again arranged a mortgage on it through Mr. Klinck's company.

Q North American Life?

A North American Life and the difference was our equity in it. As I recall there were no bank loans or Treasury Branch loans.

Q Yes?

A Mr. Matheson and Mr. Macdonald were largely the active ones, I think they met with various Departments of the Government.

Q Well, had they described to you what would be involved in activating North West Trust and getting it to the status where it could do business? Did they speak to you about the provisions of the Trust Companies Act?

A Not really.

Q If not by that name, did they raise those problems with you?

A No I gathered Mr. Clement that there was probably no great problem in activating this company. There had been another one activated in Alberta by this time and I didn't gather from them that it was any great problem.

Q Mention has been made of Farmers and Merchants Trust during the course of this evidence, was that what you had in mind?

A Yes sir.

Q Well then, from your own point of view, what you saw and the discussions that you took part in and people you had

2-P-9

Dr. C. A. Allard - Clement Ex.

Q (cont.) discussions with Dr. Allard, would you proceed with your testimony in respect of getting the North West Trust Company activated and in business?

A Well I gathered that it wasn't quite as simple as I had originally thought and I remember attending a meeting with Mr. Hughes. I went to a meeting with Mr. Matheson, Mr. Macdonald and I think Mr. Bo Clark who was the, who had been the manager of the Toronto General Trust and was retiring and who was a friend of Mr. Matheson and Mr. Macdonald and who agreed to be, I think he became one of our shareholders and certainly one of our advisors and he encouraged us to do this although I think he made it clear to us that it was a long range kind of a business before it became very profitable and he was both encouraging and yet trying --

Q Realistic?

A -- trying to be realistic about it and Mr. Clark attended this meeting with Mr. Hughes at which I was present.

Q Do you have some recollection as to when that was Dr. Allard?

A Well, I have reviewed as much of this information as I can Mr. Clement and that would be around, to my memory, it would be about April 1958, April 9th or 10th.

Q Yes, and do you have any particular recollection now after reviewing the papers as to what passed at that meeting? What was the subject of the discussion?

A Yes, in the interval between the first time I discussed this, the original conversations with Mr. Matheson and this meeting with Mr. Hughes, we had retained Mr. Adam Miles to be an

2-P-10

Dr. C. A. Allard - Clement Ex.

A (cont.) advisor to the trust company, how to go about setting up the books internally and generally how to set up the operations of the trust company.

Now, Mr. Miles, originally we had conceived this, I had conceived this largely as a vehicle for property management and at least, this would be one of the functions that a trust company can do. Mr. Miles was very interested and he felt that North West Trust Company would be wise and would do better and would grow faster if it also were able to take deposits both in the form of savings accounts and longer term investments so that one of the subjects at least that was brought up in that meeting with Mr. Hughes was whether or not we would have the power to take deposits.

As I remember, Mr. Hughes was fairly definitely opposed to granting this power to North West Trust at the time so that we, so far as I was concerned, this didn't mean that we weren't going to go ahead with the trust company, we simply dropped our demand or our request to be able to take deposits at that time and went on with the incorporation of the trust company.

Q Was there any further subject or point on which Mr. Hughes may have been raising some difficulties?

A Well yes, there was the question of having a certain amount of paid up capital available to be invested in liquid assets as a protection against possible liabilities to be incurred in the trust company.

I think Mr. Hughes wanted us to have \$50,000.00 free

2-P-11

Dr. C. A. Allard - Clement Ex.

A (cont.) and clear and I don't think that this was any great problem for us. We had some discussion about how this \$50,000.00 should be invested. I think it was the feeling of all of us, collectively, that in view of the fact that we were not taking deposits and, in view of the fact it was a new company, we had no liabilities, that we should be able to invest rather broadly. It was Mr. Hughes feeling that he didn't agree with this. He felt they should be invested in various Government bonds at various levels and this is what we did.

The only real difference, I think Mr. Hughes was right, at least theoretically he was right, in that the Government bonds should have more liquidity than some of the investments we might have placed in it.

THE COMMISSIONER:

Mr. Clement, at this point we will

adjourn.

(The Hearing stood adjourned at

11:15 and reconvened at 11:30 A.M.)

3-M-1

Dr. C.A.Allard - Clement Ex.

Q Dr. Allard, if we could just resume the course of events leading to getting North West Trust Company in operation, and you had described a meeting in April with Mr. Hughes in which his requirements were canvassed and the matter of deposits discussed, and his requirement that there should be of the capital of the company \$50,000.00 in readily realizable securities for the protection of creditors of the Trust Company.

A Yes sir.

Q Now, did you have any discussion with Mr. Hughes following that meeting in April, whether personally or by telephone?

A Well, I had probably one or two further telephone calls with him, and I remember a subsequent meeting with him which Mr. Miles and I went to. Now, I think that subsequent meeting would have been fairly late in the year, after actually the Trust Company had opened its doors.

Q Well, then, perhaps if we could take it in a chronological way: there is in evidence Exhibit 254 which is a memorandum of Mr. Hughes, that Mr. Hughes made as Deputy Provincial Secretary, and dated June 2nd of 1958, entitled "Memorandum for file". Perhaps I might show it to you in case you haven't seen it already. It refers there to a telephone conversation between you and Mr. Hughes.

A Yes sir.

MR. WRIGHT: Exhibit -- ?

MR. CLEMENT: 254. Do you recall that telephone conversation?

3-M-2

Dr.C.A.Allard - Clement Ex.

A Yes, I do.

Q Give us your recollection of it, please, then, Doctor.

A Well, at this -- we were in the stages of -- about this time-- of putting the company together, deciding who were going to be shareholders and really, in fact, determining whether or not the company was going to go ahead; and one of the things that we had to do was decide whether this building that I had previously mentioned was in fact going to be the headquarters for the new company or not; and I think probably at that time that we had other people interested in renting space in it, so it became of some importance to know whether or not we were going to get a decision about activating the company.

Q If it were going to be activated then it would take the space in this building, and Paris Investments would commit some subscription, some money for subscription?

A Yes; it was really a matter of determining whether or not the company was going to go ahead, and, if so, whether this building was then going to be an asset of North West Trust Company or not.

Q Yes. So that was what was in your mind and -- which is referred to by Mr. Hughes in his memorandum about May 8th -- "About May 8th, Dr. Allard telephoned me asking, if possible, to have an early decision so that the proposed company could come to a conclusion with regard to the purchase of a building they had in mind to use." Reference is made here, then, to Mr. Hooke in this fashion:

3-M-3

Dr.C.A.Allard - Clement Ex.

Q (Cont.) "I telephoned Mr. Hooke, who had previously instructed that this matter be held in abeyance." Up to this point, Dr. Allard, had you had any communication with Mr. Hooke in respect of the activation of North West Trust Company?

A No, sir; definitely not.

Q Did you at any time see him on this subject?

A Mr. Clement, until this inquiry came about I didn't realize that Mr. Hooke was the Minister at the time we were doing all this. My only meeting with the Minister was with Mr. Patrick, somewhere down the line; and several months ago if you had asked me who was the Minister at the time we incorporated the company, I would have told you Mr. Patrick.

Q At the time you activated it?

A Activated the company.

Q Yes --- and let us just deal with that, just in passing, Dr. Allard: when, in your recollection, was the first time you met or spoke with Mr. Hooke?

A Well, the first time that I can recall meeting with Mr. Hooke was a fairly vivid recollection, for me, Mr. Clement, because of the circumstances. We had bought some land -- which we subsequently get to -- which was in Doral Developments Ltd., and Mr. John Campbell, who was looking after the -- .

Q Doral Developments, Ltd., at this time was not one of your companies?

3-M-4

Dr.C.A.Allard - Clement Ex.

A When I met -- when I recall meeting Mr. Hooke we had acquired Doral Developments Ltd.

Q I see.

A And as I remember, it was about this time of the year, and the reason I remember it so vividly is because I was interested in how they were going to get water for these acreage parcels in southeast Edmonton, and Mr. Campbell said, "Well, we are going to water-witch for it." Well, this -- .

Q I'm afraid we're going to get a little disjointed. Doral Developments had, amongst its assets when you acquired the shares, a parcel of land?

A It had many parcels of land because, as I recall, it had already been subdivided at the time we acquired it.

Q And my recollection is that you acquired the shares in Doral Developments in -- was it November of 1959?

MR. G.A.C.STEER: The agreement is dated October 30th, 1959, and the company meetings, and so on, occurred early in November.

Q MR. CLEMENT: Well, just -- we will just use that for the purpose of identification of dates, then, if you will agree, Dr. Allard -- was it in or about this time that you then met Mr. Hooke?

A I would think it was probably then about November because I believe they were a little -- there was a little bit of snow on the ground -- but I was really intrigued to find out whether water-witching was really witchcraft or whether it

3-M-5

Dr.C.A.Allard - Clement Ex.

A (Cont.) really worked; so Mr. Campbell took me out to these acreage parcels, and I recall that Mr. Hooke was there, and Mr. Orvis Kennedy was there, and there was another party whom I don't remember. John Campbell and myself -- we all had a try at water-witching, and I must confess that it seemed to work, even in my hands, and this is my recollection of meeting Mr. Hooke.

Q For the first time?

A Yes sir. Now -- .

Q Well then, that -- if we could just come back then, in 1958 -- .

MR. G.A.C.STEER: I think the witness was just going to say one other thing -- he started by saying, "Now ---."

MR. CLEMENT: I'm sorry -- I didn't mean to interrupt.

A Now, I may have been introduced to Mr. Hooke before; I don't recall that I was, and I don't recall any particular introduction to him, but I am sure that it is a possibility, but I have no recollection of it, and certainly I didn't know Mr. Hooke before this time.

Q Very well. Well then, this takes us till May and June of 1958, Dr. Allard. You say that at times subsequent to May or June of 1958 you did have a meeting with Mr. Patrick who was then the Provincial Secretary?

A No, the meeting with Mr. Patrick was maybe a year or two later after the trust company was active, and we were discussing at that time possible amendments to the Trust

3-M-6

Dr.C.A.Allard - Clement Ex.

A (Cont.) Companies Act.

Q Well, we will leave that, then, and let us come back to the actual issue of the license under the Trust Companies Act to permit North West Trust Company to get into business.

A Yes sir.

Q You did have a further meeting with Mr. Hughes, did you say?

A Yes.

Q And after this date of this memorandum?

A I can't give you the exact date, Mr. Clement, but I know that Mr. Miles and myself only, went to see Mr. Hughes later that year-- I would guess about October or November -- again, about the matter of taking deposits.

Q Yes.

A And -- .

Q Well, then, the licensing under the Trust Companies Act was, according to the evidence, granted in July of 1958, and at that time, at the commencement of business, did the company, or did it not, engage in the business of deposits?

A No sir; we opened the doors, I would say, July or August of 1958, and we were not allowed to take deposits until sometime in February of 1959.

Q Yes.

A So --.

Q So that your meeting later on in the fall with Mr. Hughes again reopened this subject of deposits, did it?

A Yes sir.

3-M-7

Dr.C.A.Allard - Clement Ex.

Q Would you tell the Commissioner about that meeting?

A Well, it is a long time ago, Mr. Commissioner, but the subject matter was whether or not North West Trust Company would be allowed to engage in the -- if you like -- the banking end of the trust company business; and Mr. Hughes had, in our original -- in the original meeting that I had attended in April, had seemed fairly firm in his own mind that Alberta trust companies would not be allowed to do this; but in the interval between that time and this meeting, the other Alberta trust company was in fact taking deposits, so that we felt that it would be discriminatory if we were not allowed to do so, and I think that we pressed it along these lines.

Q Yes; and according to the evidence ultimately your solicitors took corporate actions which permitted the company to engage in the taking of deposits?

A But with the approval of Mr. Hughes and his department.

Q Yes. Well, with the approval of Mr. Hughes -- now, did you gain that approval in the course of that meeting in the fall which you have spoken of?

A I think that at that meeting Mr. Hughes was favorably disposed to giving the formal approval -- whatever form that took.

Q Yes, and then -- this is repetitive, but I want it clearly on the record: did you have any discussion with Mr. Hooke in respect of the deposit part of the business of the North West Trust Company?

3-M-8

Dr.C.A.Allard - Clement Ex.

A No sir, definitely not.

Q Then or any other time?

A When you say "any other time" -- I am thinking up until recent years -- certainly definitely not at that time, or within many years after that.

Q Yes. Well, relevant time, of course, Dr. Allard, is the time up to the approval, the governmental approval of North West Trust conducting that business.

A Mr. Clement, there was no conversations between me and Mr. Hooke and, to my knowledge, there were no conversations between any members of our group and Mr. Hooke. I don't think, to my knowledge, our solicitors did not talk to him, and they conducted their negotiations with the Deputy Minister.

Q Very well. Now, I would like to keep this progressing in a chronological way, Dr. Allard, as being perhaps the most -- perhaps the easiest way of following the story -- we have got through 1958 and into the early part of 1959. Now, at that time the North West Trust Company was fully in business, and in the course of that year engaged in the business of taking deposits?

A Yes sir.

Q Now, in the late fall of 1959 you acquired the shares of Doral Developments Ltd.?

A Yes sir.

Q You also were a member of a syndicate called Beaver Land Company?

3-M-9

Dr.C.A.Allard - Clement Ex.

A Yes sir, but I think the Beaver Land Company was probably almost a year previous to Doral.

Q Yes, so that then gets back into 1958 probably?

A Yes sir.

Q Would you tell us who was in that syndicate -- what its purpose was -- and what course of business it followed?

A Well, to start at the beginning, Mr. Hartley Bell, who was an employee of Imperial Oil, and whom we knew because of our dealings with the car company -- companies --- was also aware that we were becoming interested in the trust company business, and he suggested to me about, I would say, early summer -- perhaps June of 1958, that I should meet with Mr. John Campbell whom he knew had some development plans in southeast Edmonton that might be of interest to us, and in particular with the trust company. One of the things that he mentioned was that Mr. Campbell was in the process of developing a cemetery which, over the course of years, would perhaps provide long-term perpetual care funds which might be lodged with the trust company; so, subsequent to this Mr. Hartley Bell arranged a meeting for me with Mr. John Campbell. We had lunch at the Seven Seas and what Mr. Campbell had to say was of interest, in particular these perpetual care funds which we thought might be sizable over the years, and might be eventually deposited with the trust company, if we were in business; so it was definitely of interest so I mentioned it to some of the other people who were to be shareholders

3-M-10

Dr.C.A.Allard - Clement Ex.

A (Cont.) in the trust company, and a syndicate was formed including Paris Investments -- I think Mr. Matheson -- although he may have placed the shares in his wife's name -- Mr. Angus Macdonald -- three or four friends of theirs -- the Hainstock family on the south side who would have a direct interest in cemeteries as a result of their business, and a friend of mine, Mr. W. J. Connelly who was also in the -- .

Q An undertaker?

A An undertaker, with interest in cemeteries.

3-B-1

Dr. C. A. Allard - Clement Ex.

A (Cont.) So, and Mr. John Campbell of course. Mr. Campbell was to earn his interest in this syndicate by looking after the development and generally being the Manager of the syndicate and the property.

Q Yes?

A Now, in addition to the cemetery land there was also, as I remember, about forty-five, forty-three or forty-five acres of land not too far away which Mr. Campbell felt was suitable for acreage parcels or small holdings, whatever the appropriate term is, that came along with this eighty acre cemetery parcel; so that the Beaver Land syndicate was formed to hold both parcels of land, the cemetery land and these small holdings.

Now, for reasons on which Mr. Macdonald may be clearer than I am a limited company or two limited companies were formed to replace the syndicate. One of them was Beaver Land Company Limited, which was to develop the subdivisions in the acreage portion; and the other was I think Eastwood Memorial Gardens Limited, which was to develop the cemetery; this was the background really of this development.

Now, the small holdings were subsequently sold, I think they sold fairly rapidly. The business of developing the cemetery was of much longer duration. Mr. Campbell attended to the actual work, physical work on the land that was required to do this, and I think it was considerable, I think that he had to have quite involved surveys done and landscaping and a water system put in, and in the long run

3-B-2

Dr. C. A. Allard - Clement Ex.

A (Cont.) that property was sold to I think Evergreen Memorial Gardens Limited who operate cemeteries across Canada, and at the time we sold to them I was convinced they were better equipped to operate it than perhaps Mr. Campbell was.

Q In fact the Everglades does have an operation too as a matter of fact in Edmonton, as I understand it?

A Well, I think that they probably operate many many cemeteries in Canada.

Q Oh, I understand that, but in Edmonton in particular?

A I think they have another one, Mr. Clement, I am not sure where it is.

Q And then throughout all of the business of the syndicate and subsequently the two companies you have mentioned, Beaver Land and Eastglade, did you say, Memorial?

A Eastridge.

Q Eastridge, you were dealing with Mr. Campbell as the prime mover of the project, you might say?

A Yes sir.

Q Was the name of Mr. Hooke mentioned in any way in connection with any of this?

A No sir, it was not.

Q Not at all? Did you have occasion to discuss this project with Mr. Hooke at all?

A No sir.

Q And do you have any knowledge whatsoever of any interest by Mr. Hooke in this business?

A I had no knowledge of any interest by Mr. Hooke.

3-B-3

Dr. C. A. Allard - Clement Ex.

Q As far as you know he had none?

A As far as I knew he had none.

Q Through Mr. Campbell or otherwise?

A Through Mr. Campbell or otherwise.

Q Now, Dr. Allard, I am just trying to recall the chronology of events, I would think that the acquisition of the Northwestern Utilities Building would come next, would it not?

A I think that it came between -

Q Yes?

A - Beaver Land and Doral.

Q Your activity in that area reached a climax, so to speak, in April and May of 1959?

A That's right.

Q Would you tell the Inquiry then the course of developments then, as you know it is on record that the Northwestern Utilities Building had been listed so to speak, generally, with many companies over a substantial period of time?

A Yes.

Q Prior to April of 1959?

A Well, I think that my interest in the Northwestern Utilities Building went back to 1957, and it came through a Mr. Jack Aire, who at that time was employed by Sydnie Sutherland and Driscoll, and Mr. Aire in recent years has worked with the North West Trust Company, but Mr. Aire contacted me about the building several times between 1957, late 1957, and when we ultimately bought the building. I believe that when Mr.

3-B-4

Dr. C. A. Allard - Clement Ex.

A (Cont.) Aire first talked to me about it that it was still tentative, the new premises for the Gas Company had not been built, and while I was interested in it I was really, I don't think I had made any definite offers through Mr. Aire. He may have conveyed some offers from me to the Gas Company but I think they would have been verbal offers and not any written offers, because when he originally talked to me about it there was no clear time when the building was liable to be vacated and be available.

Subsequently to that Mr. Lloyd Harris approached me about the building. He at that time was employed by Spencer and Grierson, also real estate agents, and Mr. Harris was the first one to finally get me to go through the building because it probably was, had been tentative I would say up until maybe the first of 1959.

Now, the reason I was, one of the reasons I was interested in this building, first of all it represented a fairly large number of lots together in the downtown area. The building occupied three lots and there was an additional three lots available for parking or some other purpose.

Now, about this time Mayfair Motors Limited was in operation and it had a franchise for American Motors, it started out as Hudson and ended up as Rambler in our hands, and we were renting premises on Jasper Avenue and 116th Street for the operation of this franchise. We were paying what I thought was a fairly high rent, it was not coming back to us, it was to a third party; so that I was interested in the

3-B-5

Dr. C. A. Allard - Clement Ex.

A (Cont.) possible use of this building for the operation of Mayfair Motors, and while it was not ideally suited I felt that without too much expense that it probably could be converted.

There was a ready-made car lot, if you like, in the three lots next door. The north end of the building had a large open space. As I remember the front of it was filled in with glass blocks, but I think that it could have been fairly easily converted into a showroom by simply removing those blocks and putting in plate glass windows. As I remember, there was an area that could be shop area, again not ideal, but probably useful; and, of course, there was a good deal of office space, there was no shortage of office space.

Q On the second floor?

A And I think as I remember, I think some on the ground floor too. I haven't been through the building since this time, Mr. Clement, so that I speak from memory. At any rate, I was convinced that, like other sites we had acquired, the site on Jasper and the site further down on Jasper, that this was a property that could be used to operate the car business until such time as it might be suitable for development, during which time we might, if necessary, or we might go a long way to paying for the property, and when it was mature for development, that the car business could move, and this had been a pattern that we had followed two or three times.

3-B-6

Dr. C. A. Allard - Clement Ex.

Q Dr. Allard, these are your thoughts at this stage when you are giving the matter this consideration; who was associated with you, if anyone, in this particular venture?

A Well, at this time no one, Mr. Clement, but in the meantime I hadn't made any firm offer on the property.

Q I understand, yes.

A And I think Mr. Harris -

Q Well, was Mr. Feldman in your confidence in this matter?

A Oh, yes, yes, Mr. Feldman would have been my associate in Paris Investments, Mr. Feldman owns thirty-five percent of Paris Investments and this would have gone likely into Paris Investments eventually, at any rate we would have bought it in the proportions that we have in Paris Investments.

Now, I still, this was the reason for my interest in the building, but we still had made no firm offer, and around this time, I would guess February 1959 -

Q I would imagine so, yes.

A '59, Mr. Harris was looking for other people to sell the building to, and I think that he probably searched the lots next door, or at least he knew who the property next door belonged to, and he spoke to Mr. Superstein about it and suggested that the two of us should get together. Now, in the meantime Mr. Superstein had become a shareholder in the trust company along with, I would guess, maybe thirty other people, and we met fairly frequently. Mr. Superstein, although he was not a Director of the trust company at that time, I think had been invited to attend our Management

3-B-7

Dr. C. A. Allard - Clement Ex.

A (Cont.) Committee meetings or our Directors' meetings which took place every Friday, so that Mr. Superstein, with Mr. Superstein's interest in the four lots adjacent to this, which would make a total of ten, heightened my interest because this would make a very large parcel of land downtown, relatively large, suitable for probably someday a large development, so that an offer was eventually made through the trust company on behalf of both Mr. Superstein and ourselves.

Q Had you discussed with Mr. Superstein the respective interests that each of you would have?

A Well, it was to be done on a fifty fifty equal basis.

Q Yes?

A Now, I had had one discussion, I think it was with Mr. Metcalfe, one official of the gas company, prior to this; and we knew about what their asking price was. Now, the original offer that was made from the North West Trust Company on behalf of the syndicate, if you like, was made about March 4th, and was turned down. This was disconcerting to Mr. Harris especially because he felt that, he was informed that the building had been sold to other people, and he felt that the other people may never have made the offer if they had not learned somehow of our interest in the thing. At any rate, at that point I thought that the matter was finished, but Mr. Harris kept after, I don't know whether he approached the people who bought it or whether the people who bought it approached him, and he determined that they really had no

3-B-8

Dr. C. A. Allard - Clement Ex.

A (Cont.) specific use for the building, and they were willing to turn it over if it could be done rapidly.

Q Do you recall who it was that in fact bought the building in the first instance at that time?

A Well, it was a syndicate. I had no conversations with any of these people, Mr. Clement, and the name I believe is the Donat Syndicate, I know that Mr. Giannone was one, I recall that a Mr. Peats was another.

Q Yes?

A I think Mr. Smeltzer was in there.

Q That is the first time that I recall Mr. Smeltzer's name, but Giannone and Peats identifies it all right, and Donat Properties.

A I am not sure that Mr. Smeltzer was a part of that syndicate.

Q Yes, in any event you yourself didn't have any direct dealings or discussions with that group?

A No sir.

Q No. Well, the upshot of it was that the letter of March 4th, being the offer of North West Trust for the building, was rejected by Northwestern Utilities?

A Yes sir.

Q And that, as I recall the document, offered a price of \$375,000.00 on terms?

A Yes, that is correct.

Q With provision for some reduction on prepayment?

A I have forgotten the exact terms of the offer, Mr. Clement.

Q Well, it is on record, I won't bother you with it at this

3-B-9

Dr. C. A. Allard - Clement Ex.

Q (Cont.) moment. So Mr. Harris, in pursuit let us say of commission if nothing else, carried on with the matter?

A Yes sir.

Q And what happened then?

A Well, Mr. Harris relayed to me the information that they were prepared to sell to us for a price of \$380,000.00, which was \$5,000.00 more than we had offered, but that the terms were not as good as the offer we had made.

Q That is, they wanted cash?

A Well, I think they wanted to give us an assignment of their agreement for sale, which, if I remember correctly, allowed some period of maybe a year to pay out the building finally, but I would have to review the documents to be sure of that.

Q In any event, three hundred and eighty thousand was the price that they stipulated for a quick turnover?

A Right.

Q And you considered that?

A Yes sir.

Q In company with whom?

A Mr. Superstein and Mr. Miles. Now, I cannot recall whether we ever had any meeting where we all came together to consider it or whether we did it over the phone. We were all in three different places usually, but at any rate we felt that it was close enough to the price that we were willing to pay that we would go ahead with it.

Q And the thing did proceed on that footing then?

A Yes sir.

3-B-10

Dr. C. A. Allard - Clement Ex.

Q And you closed the deal with the Giannone group at three hundred and eighty thousand?

A Yes sir.

Q Now, up to this stage, Dr. Allard, when the deal with the Giannone group becomes firm -

A Yes?

Q - had you, was there anything in the air of at all a tangible nature in the way of a lease of the premises to anyone?

A No sir.

Q Not to anyone?

A Not to anyone.

Q Had there been any efforts made towards getting a lease up to this moment of time?

A Not to my knowledge, Mr. Clement. I felt that this building, once we purchased it, was ultimately going to be used, probably by Mayfair Motors Limited.

Q I see, so that you were not particularly concerned with finding other uses for it up to this moment of time?

A No sir.

Q Well then, it transpires, Dr. Allard, that in point of fact on, I think I have just forgotten the exact date, sir, of the letter; Mr. Miles wrote a letter to the Premier offering the premises for rent?

MR. GILL: March 10th.

THE COMMISSIONER: That is Exhibit 306.

MR. CLEMENT: 306, I am obliged, sir.

3-B-11

Dr. C. A. Allard - Clement Ex.

MR. GILL: March 13th, they bought it on the 10th.

MR. MAYNARD: That's better.

Q MR. CLEMENT: The document that I refer to is dated March 13th 1959, Exhibit 306; would you tell me, sir, was that written with your knowledge and authority?

A Yes sir, it was.

Q And how did it come about then that you instructed Mr. Miles to write that letter?

A Well, Mr. Superstein was not a shareholder in Mayfair Motors Limited, and he felt, and I agreed with him, that we would be better to try and rent this building out. I had mentioned to him I am sure that Mayfair Motors Limited were prepared to use it, and it was his suggestion that we attempt to lease the building before considering the use by Mayfair Motors Limited.

Q Well, if it were used by Mayfair Motors there would be rent charged to Mayfair Motors, I presume?

A Yes.

Q And I suppose Mr. Superstein would have an interest in what the amount of rent was?

A Well, we might at that point have some conflict of interest.

Q It occurred to me that that could happen, yes.

A So I agreed with this, I felt that if a suitable tenant could be found and a desirable lease could be obtained that this is the way we should proceed with the property.

Q Yes, did you suggest to Mr. Miles that he write to the Premier about this?

A No sir, I did not. I suggested that he write to the

3-B-12

Dr. C. A. Allard - Clement Ex.

A (Cont.) Government. Mr. Superstein had mentioned national tenants. I personally was not too hopeful that there would either be a national tenant or a Government lease. I still felt that eventually that Mayfair Motors would likely be the tenant occupying this property.

Q Yes. Then, that letter having been written, would you tell us the course of developments from then on so far as they are within your knowledge?

A Well, I understand that shortly after this letter was written, and I can't tell you whether it was one day or three days or four days, Mr. Clement, that Mr. Miles either had a letter in reply or a phone call or, from somebody in the Government, and that they were in fact interested in looking at the building; and I think that Mr. Miles took them through the building, either himself, or arranged for them to go, probably on more than one occasion; and it became evident to me, to him and he relayed the information to me, that there was a definite interest there. I think that Mr. Miles negotiated, conducted all of the negotiations. I don't remember ever meeting anybody from the Government about this, and it ended up subsequently that a letter, with a letter of intent to lease.

Q There was some negotiation as to the amount of rent?

A I believe that Mr. Miles had asked for \$2.75 a square foot.

Q And then some additional charge for a parking space, I believe?

A Yes.

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Dr. C. A. Allard - Clement Ex.

Q Well, that was changed by the time the lease was finally agreed to, the terms of the lease were finally settled and the lease signed; did you have any part in negotiations leading to that change?

A Only to the extent that Mr. Miles conveyed to me the amount that the Government was willing to pay, which I think was \$2.50 a square foot, and if I remember rightly it included all of the parking area as well; and Mr. Miles wanted to know whether this was acceptable, and, of course, as far as I was concerned it was acceptable.

Q And did you discuss this with Mr. Superstein?

A I can't remember whether we had an actual meeting or whether Mr. Miles asked me over the phone or whether we actually met, but I know that Mr. Superstein would have had to approve this; so that we reached agreement either by phone or with a meeting, I can't recall.

Q Now, this then took place sometime between March 13th and April 28th I think, which is the dating of the lease itself: now, in this period of time did any interest develop for the purchase from you of the Northwestern Utilities Building?

A Yes sir.

Q Had that interest existed before you purchased the building?

A No, it had not.

Q Yes, would you give us the circumstances then?

A Well, the interest in the building developed on the part of Mr. Joe Tankoos who is a real estate man who resides in New York City, and who I had met a few years previously in

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Dr. C. A. Allard - Clement Ex.

A (Cont.) Edmonton, and whom I had subsequently visited in New York, and while I didn't know Mr. Tankoos well and still don't, I occasionally hear from him, and Mr. Tankoos was well aware of the Devonian Building which we mentioned previously was tenanted by Imperial Oil, and almost from the time we built it, in fact before we built it I remember visiting Mr. Tankoos in New York and discussing the building generally with him. He had wanted to buy it.

Now, Mr. Tankoos was very active in those days in purchasing western Canadian real estate, some of it on his own behalf I think, but most of it on behalf of clients in the United States who were about to become estates, who were elderly people, and probably had no, not long to live; and there were certain tax advantages to these people, these Americans, if they owned real estate in certain parts of Canada. Now, strangely to me, it does not include all of Canada, but it includes certainly British Columbia and Alberta, and perhaps other of the western Provinces but I don't think it includes Ontario, probably because of some reciprocal tax arrangement that Ontario has with the United States, I don't know: but, at any rate, these people, providing they were alive at the time the actual transfer of property took place, if they were alive then the purchase of this western Canadian real estate represented a very considerable tax savings to them, and I understood that as much as two thirds in the hands of very large estates; so that I knew that Mr. Tankoos dealt for people in this

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Dr. C. A. Allard - Clement Ex.

A (Cont.) situation, and that he in fact did purchase many many parcels of real estate in Western Canada, Edmonton, Calgary, Vancouver, Victoria, for this purpose.

Sometime in this period Mr. Tankoos phoned me, and I remember the call quite distinctly because it is sort of characteristic of Mr. Tankoos. He phoned me actually when I was at the hospital in the middle of the afternoon, and opened the conversation by saying "I want to buy the Devonian Building."; and we discussed it over the phone and he suggested that he could not talk to me over the phone, so he would see me for breakfast, and I hung the phone up not really expecting to see Mr. Tankoos for breakfast, but he had left New York and come through Toronto and Calgary and he was indeed here for breakfast the next day.

Q At what point of time was this in relation to the acquisition of the Northwestern Utilities Building?

A Well, I would think, I cannot recall this definitely, Mr. Clement, but I would think about three weeks before we actually sold the building to Mr. Tankoos' client.

Q And at what stage had the matter of leasing the building reached?

A Well, the leasing had been complete. We may not have had the actual lease signed but I think that -

Q The deal was made?

A The deal was made, yes.

Q All right, so that then Mr. Tankoos arrived for breakfast?

A Well, I remember that we discussed the Devonian Building in

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Dr. C. A. Allard - Clement Ex.

A (Cont.) some length because I think on this trip that he was interested in buying a, very sizable quantities of real estate. I know that he left Edmonton the same day and went on to Vancouver with the object of buying parcels out there, so that I assumed that whoever he was buying for must have been a very wealthy person.

Well, we didn't reach, I mentioned the Gas Company Building to him because by this time it was obvious it was not going to be used for the car business, and we talked about the Devonian Building and we could not agree on a price for either one of them at that time, so Mr. Tankoos went on to Vancouver the same day.

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Dr. C. A. Allard - Clement Ex.

Q Did you make a proposal as to the price of the Northwestern Utilities Building?

A Well, I called Mr. Superstein over to meet Mr. Tankoos this day because I didn't feel I could speak to the Gas Company building on my own and as I recall Mr. Superstein wasn't all that anxious to sell it. I wasn't anxious to sell it either but, I was willing to sell it if we could get a good price. And, I think the price that we ultimately sold for was the price that Mr. Superstein put on it, maybe pulling it out of the air, what he thought was a good price. I also put a price on the Devonian Building.

Q Well, we are not inquiring into that Dr. Allard it is outside the scope of this. In any event, there wasn't any fine calculation in reaching the \$550,000.00 price?

A Well not on our part, it certainly represented a good profit, as far as I was concerned it was a good price from that point of view but I think we can be sure that Mr. Tankoos put calculations to it because my original meeting with Mr. Tankoos, he arrived in the office with a slide rule and to me, this was a new experience in dealing in real estate, I had never seen it done with a slide rule before so that I am sure that Mr. Tankoos would have considered what the yield was to him.

Now, mind you, they were prepared to buy buildings on a relatively low yield, much lower than would a Canadian investor because of the Estate Tax advantage and I think that many of these people were prepared to put this real estate

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Dr. C. A. Allard - Clement Ex.

A (cont.) into their estates and sell them, the estates would then sell them off sometime later and they were prepared to sell them, if necessary, at a considerably lower price than they paid for them because it would still represent a tax advantage to them. I don't think in fact though that they have had to take too many big losses in Western Canada from my knowledge generally of what has happened. On the other hand, they were obviously prepared to buy them at a fairly low yield if necessary.

Q And so it proceeded on that basis eventually, then?

A Yes sir.

Q And the property was sold, the conveyancing being completed around the 1st of May?

A Yes sir.

Q And the upshot of it was that on a \$380,000.00 commitment you received back \$550,000.00 in cash. Now, at this point of time, let me pause Dr. Allard. In the purchase at \$380,000.00 did Paris Investments or any other companies which you control have the necessary ready cash to complete that purchase?

A You mean to the amount of \$380,000.00?

Q Yes, what I am interested to know is whether you went on the market to make any financing arrangements?

A Oh yes sir, I arranged, I did this myself largely, I think, I arranged with a life insurance company to place a mortgage on the property, I believe in the amount of \$300,000.00.

Q And, Great West Life Assurance Company has been mentioned as the mortgagee, is that correct?

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Dr. C. A. Allard - Clement Ex.

A Yes.

Q And they committed themselves to that loan?

A Yes they did.

Now, I am not sure whether I ever received a commitment letter from them because I know, I remember that we were not really required to pay a commitment fee and I think if I had received a commitment letter I probably would have received a request for a commitment fee.

Q Well in point of fact Dr. Allard, North West Trust did make a payment in order to get rid of the mortgage?

A Yes, but this was a bone of contention later Mr. Clement.

Q Oh, I see?

A In that, I am quite sure that we were not obligated to pay that fee to Great West Life by virtue of having made a commitment to do so in writing but it was a fee that I felt that Great West Life was justified in getting.

Q And so it was settled?

A And so it was settled, yes.

Q THE COMMISSIONER: Dr. Allard just before Mr. Clement embarks on some other field, just as a matter of interest and for the record, how many stories is this building, this North West Utilities Building?

A Well, it is a two storey building in part Mr. Commissioner and another portion of it, as I remember is one storey building.

Q And the second story, any development in it?

A A portion of the second storey was office space.

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Dr. C. A. Allard - Clement Ex.

Q THE COMMISSIONER: Thank you.

Q MR. CLEMENT: Well then, the sale by you was on a cash basis?

A Yes sir.

Q And out of the cash proceeds the purchase monies that you were committed to, including the purchase monies of the Giannone group were paid in the normal way on completion of the conveyancing?

A Yes sir.

Q Then we come to the distribution of the profit Dr. Allard and there has been some evidence given that Mr. Superstein received \$80,000.00 which would be his net share after taking into account all expenses charged up including a fee charged by North West Trust and that in addition to that he received a sum of \$2,500.00, settlement again of a matter in dispute?

A Well I think that Mr. Superstein ended up receiving \$2,500.00 more than we did for two reasons.

One is that Great West Life did not formally have a commitment from us to pay a one percent commitment fee in the event we didn't proceed and I felt that this \$3,000.00 should be paid, for no other reason than good relationship with the insurance company. Also I wanted North West Trust naturally to get as big a fee as they could and really, I think the only fee that we had any great disagreement about, there was no great disagreement, I felt that Great West Life should receive their one percent, \$3,000.00 and that certainly the North West Trust fee should be no less because they had

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Dr. C. A. Allard - Clement Ex.

A (cont.) negotiated and done most of the negotiations. So, I think that I agreed to pay somewhat extra out of our share of the fifty percent profits. But, this was the background.

Q Yes, and that was the reason for the additional \$2,500.00 for Mr. Superstein?

A Yes.

Q Now Dr. Allard, did any of this money, to your knowledge, find its way into the pockets of any person in Government service?

A No sir, it did not, not to my knowledge and certainly not from me.

Q Well, you received or were in control of the recipients of all of the monies of the profit of the venture other than that received by Mr. Superstein?

A Yes sir.

Q And you are able to swear positively that none of that money reached the pockets of any person connected with Government?

A None of my share of the profits you mean?

Q Yes?

A Yes sir.

Q Now, just to round out that picture Dr. Allard, at some stage between March 13th and the end of April a company known as Mayfair Leaseholds was formed?

A Yes sir.

Q What was the purpose of that?

A Well, Mayfair Leaseholds was formed to own the Gas Company building.

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Dr. C. A. Allard - Clement Ex.

Q Yes?

A And the name of course came from Mayfair Motors Limited, I suppose it was a name of my choice and the object of forming that company was eventually to take title to the Gas Company building which of course it didn't do. The interval here was sufficiently small --

Q Yes?

A -- that on our side I had time to determine what companies were best to receive this income from the point of view of tax and other considerations and since the interval was short I think that I elected to put them into different companies for a variety of reasons like this.

Q Yes. Well then, in the first instance, North West Trust Company in this transaction was acting for you and Mr. Superstein personally?

A Or our nominees.

Q Well as the case may be but, in the first stage of the matter you and Mr. Superstein had agreed to acquire the interest?

A Yes sir.

Q And then for the reasons you have mentioned, Mayfair Leaseholds was incorporated and North West Trust then continued in its trustee capacity but the beneficiary of the trustee was Mayfair Leaseholds in place of you and Mr. Superstein?

A I am sorry sir --

Q Am I losing you, I am sorry. North West Trust throughout was acting as a trustee?

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Dr. C. A. Allard - Clement Ex.

A Yes.

Q And the trustee in the first instance was you and Mr. Superstein?

A Yes.

Q And then in place of you and Mr. Superstein Mayfair Leaseholds?

A Oh, yes sir. Mayfair Leaseholds Limited was to be owned jointly by Mr. Superstein or his nominees or by me or my nominees.

Q Exactly sir. Now, I think then perhaps we come to Doral Developments Limited in the chronology?

A Yes sir.

Q Dr. Allard, how did you come to acquire Doral Developments Limited?

A Well, you will recall Mr. Clement that we had already purchased the land that went into the Beaver Land Company. Doral Development was a company that owned land very close to this land in Beaver Land Company and it was brought to me by Mr. John Campbell as a, what appeared to be a good investment, for the sale of small subdivided parcels that were already existing in Doral Development Limited and, having had the experience of Beaver Land where it was in fact demonstrated that small acreage parcels were readily saleable, Doral Developments was of course of interest to me as a good investment.

Q Yes, I think you will just have to pause for a moment, I want to get --

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Dr. C. A. Allard - Clement Ex.

MR. MAYNARD: 245 and also 110.

MR. CLEMENT: I will have to check what 245 is.

MR. MAYNARD: It is the annual report.

MR. SHORT: The annual report.

MR. CLEMENT: By any chance does counsel have the annual report of Doral Development?

MR. WRIGHT: Here is one.

THE COMMISSIONER: Mr. Wright here is holding out on the Exhibits.

Q MR. CLEMENT: Dr. Allard, sorry to have been delayed here. The shareholders of Doral Development in the fall of 1959 were Mr. Prodor and Mr. Hooke?

A Yes sir.

Q Did you deal with both of them in the acquisition of these shares?

A I dealt with neither of them Mr. Clement. When the land was first brought to me I didn't know who the shareholders were but before the transactions was completed I was aware that the shareholders were Mr. Hooke and Mr. Prodor but I dealt with neither of them, I don't think I have ever met Mr. Prodor and of course, as you know, I have met Mr. Hooke since.

Q Yes. Well now, there is an agreement, if my memory serves me here in the documents here, an agreement put in evidence as Exhibit 357 by which Mr. Prodor and Mr. Hooke sold to you and Paris Investments the issued share capital of Doral Development being at that stage one hundred issued shares?

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Dr. C. A. Allard - Clement Ex.

A Yes sir.

Q And that is dated October 30th, 1959 so, at the time that this was executed you knew that Mr. Hooke was a shareholder?

A Yes sir.

Q But you had not negotiated with him for the purchase of the shares?

A No, in no way sir.

Q No way at all. There is attached as part, you might say, as part of the agreement, the financial statements of Doral Development Limited?

A Yes sir.

Q Did you examine those before you agreed to purchase?

A Oh, I am quite sure that I did Mr. Clement.

Q And in the balance sheet under the title of assets there is shown land, the southeast of 22, 52, 23, west of the 4th?

A Yes sir.

Q Was this land land that you had inspected?

A Yes, I had inspected it.

Q And how did --

A I couldn't be sure whether I inspected it before I bought it or after but I hope I inspected it before Mr. Clement.

Q I was wondering though what weight you gave to that figure shown as the value in the asset column, \$26,141.00?

A Well I assumed that that was the cost price of the land to Doral Developments Limited.

Q Well, that may or may not have been so but would have little effect on your judgment as to whether the shares were being

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Dr. C. A. Allard - Clement Ex.

Q (cont.) offered at a reasonable price?

A No sir, it wouldn't. The market value of the land would be what would determine the value of this transaction.

Q Yes, that is what I am coming to, did you explore what that might fairly be?

A Oh very definitely, Mr. Campbell was to act as he did in the case of Beaver Land, as the manager of this development after we acquired it which he in fact did.

We had gone over estimates of what he thought the various parcels would bring and of course, it was these estimates that determined to my mind the value of this investment and the possible profits and of course, we also had had the experience of the sale of these parcels in the same area in the Beaver Land Company so that to my mind, this was, I can remember a couple of points about it that, one, I wasn't anxious to buy the shares I would have preferred to buy the assets but Mr. Campbell related to me that the vendors preferred, in fact probably insisted on selling the shares rather than the assets so that I conceded that point and, of course, as I remember the asking price was higher than I eventually agreed with Mr. Campbell but, I bought it at a price that I considered would make a profitable transaction.

Q Now, the agreement indicates Dr. Allard that in addition to -- that the shares themselves were being sold in the vicinity of \$23,000.00?

A Yes sir.

Q And that over and above that you were making provision for

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Dr. C. A. Allard - Clement Ex.

Q (cont.) the liabilities shown on the balance sheet so that the actual cost to you of the company would be --

A Oh, fifty-four.

Q Yes, something in that order?

A Fifty-four or fifty-five thousand, yes sir.

Q Which is very considerably higher than the balance sheet value?

A That is true Mr. Clement but the balance sheet value does not reflect the true value on the market of the acreage parcels within this quarter section.

Q Yes, so we come back then, what does your information as to the value of the lands, which were part of the portfolio of this company.

A Well, as I remember, there were forty-three or forty-four parcels probably varying from three to four acres each in this quarter section and, they would have been priced on the market at anywhere between three and four thousand dollars, depending on Mr. Campbell's sense of values in each parcel. I gather that some were more desirable than others and some were larger than others so that the total market value of this land would appear to be, would have appeared to me at the time in the neighbourhood of maybe \$150,000.00.

Q Yes, and then that could be realized by an active program of subdivision -- I take it it wasn't subdivided at this stage?

A No sir, it was subdivided, at least, half of it was subdivided and there was an existing plan for the other half

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Dr. C. A. Allard - Clement Ex.

A (cont.) which Mr. Campbell told me the Municipality had agreed to register when there had been a reasonable number of sales in the north half.

Q So then in the upshot, for sums in the vicinity of \$53,000.00, you were making an acquisition which you anticipated might give you a gross yield if properly managed of \$100,000.00? Gross return?

A Well I think the gross return, I probably had hoped would be closer to one hundred fifty less commissions and less certain expenses.

Q Well, I was deducting from the one hundred fifty the original cost of fifty-three?

A Well I think Mr. Clement if I had thought we might have doubled our money I would have been satisfied.

Q And did it come up to your expectations in the long run?

A Yes sir it did, except that apparently there were two or three parcels that were less desirable than others because the land is rolling in spots and there were some low spots so that the actual completion of sale extended out for these last few parcels longer than I might have hoped for.

Q Well, I am more interested in the overall picture Dr. Allard?

A Yes.

Q In the end result, it provided, you have realized a substantial return on your investment?

A In the overall picture it turned out as I had hoped.

Q Yes. Now Mr. Commissioner, I don't propose to ask Dr. Allard any further questions on this subject and we will

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Dr. C. A. Allard - Clement Ex.

Q (cont.) be getting on to another one.

THE COMMISSIONER: It is a natural place to break,
being two minutes to one so, we will adjourn until
tomorrow morning at nine o'clock.

(The Hearing stood adjourned at
12:57 P.M.)

